

MEMORANDUM

TO: BOARD OF DIRECTORS & COUNCIL OF STATE EXECUTIVES
FR: ALISON BLACK, SENIOR VICE PRESIDENT & CHIEF ECONOMIST
RE: IMPACTS OF COVID-19 ON STATE & LOCAL TRANSPORTATION REVENUES & CONSTRUCTION PROGRAMS (EDITION #5)

State and local governments have begun to provide more detailed information about expected declines in transportation revenue and changes to current transportation construction programs and lettings as the COVID-19 pandemic continues, according to a review of publicly-available data conducted by the ARTBA through May 12, 2020. **Developments newly added are highlighted.**

While many projects continue as transportation construction is deemed essential, state and local governments and transportation authorities are beginning to feel the strain of declining revenues related to user fees and the overall slowdown in economic activity. The immediate economic impact and potential job losses are difficult to quantify at this time, but each \$1 billion in transportation construction investment supports an average of 13,000 jobs throughout all sectors of the economy, according to the Federal Highway Administration.

- Currently ten states have announced project delays or cancellations valued at nearly \$4.02 billion. These include Hawaii, Kentucky, Mississippi, Missouri, North Carolina, Ohio, Pennsylvania, Vermont, Washington and West Virginia. Details are below.
- There are 14 local governments that have announced project delays or cancellations of \$1.02 billion.
- Ten states or local areas have vetoed, canceled, or postponed legislative initiatives or ballot measures related to transportation funding because of the pandemic. This includes several major initiatives in California self-help counties.
- At least 19 states and one transportation authority have publicly projected declining revenues. This does not mean that transportation programs will be cut by the same amount but point to growing pressure on transportation-related revenue sources and state and local budgets.

	Number of States	Number of Local/Regional Areas	Total Value (multi-year period)
Projects Delayed or Canceled	10	14	\$5.04 Billion
Funding Initiative/Ballot Measure Delayed, Canceled or Vetoed	2	8	\$132.8 Billion
Revenue Declines, Budget Cuts or Diverted Funds	20	4	\$6.37 Billion

ARTBA's review of news accounts revealed developments in the following states:

Alabama – Proposed Diversion of Revenue

(5/6/2020) – Alabama Senator Cam Ward (R-Alabaster) has introduced [legislation](#) to use gas tax revenue to create a small business stimulus fund. SB333 would divert revenue raised from the Rebuild Alabama Act for two years, providing \$100 million for the small business program. The bill is in the Senate Finance and Taxation General Fund Committee. If approved by the Legislature, the issue would have to be approved by voters on the July 17 ballot for the state's run-off election.

Arizona – Revenue Update

(4/17/2020): In a [presentation](#) to the Arizona State Transportation Board, ADOT Chief Financial Officer Kristine Ward emphasized that it will be some time before the economic impacts of COVID-19 are clear, but the immediate goal is to preserve state funding to match federal funds. Early estimates are that revenues to the State Highway Fund could be reduced by \$385 million over the next three years. This is a loss of 9 percent in FY 2020, 22 percent in FY 2021 and 12 percent in FY 2022. ADOT would also likely defer \$155.5 million in planned bonds, which would account for \$540.4 million in projects.

Arizona - Gilbert – Postponed Legislative/Ballot Initiatives

(4/20/2020): Local officials have decided to postpone a November ballot measure that would have raised \$465 million for infrastructure investment, according to a recent news [article](#).

California – Revenue Update

(5/14/2020): The Governor's revised [budget](#) says that while in the "immediate term, Caltrans will accelerate projects to achieve cost savings," revenues generated by motor fuel taxes are expected to decline by \$1.8 billion between FY 2021 and FY 2025.

California – Bay Area – Postponed Legislative/Ballot Initiatives

(3/17/2020): Given the recent developments related to the COVID-19 pandemic, proponents of a Bay Area one-cent sales tax say they will not push for a vote to include the measure on the November 2020 ballot, according to a recent [news article](#). The measure would have raised over \$100 billion for projects over the next 40 years. Approval from 2/3 of the California State legislature and the Governor's signature by the end of June would have been required to move forward.

California – Riverside County – Postponed Legislative/Ballot Initiatives

(4/4/2020): The Riverside County Transportation Commission [voted](#) to delay putting a ½ cent sales tax measure on the November 2020 ballot. The extension of Measure A, the current ½ cent sales tax, would have raised between \$3 and \$6 billion over the next 30 years.

California – San Diego – Postponed Legislative/Ballot Initiatives

(4/16/2020): The Board of Directors of San Diego's Metropolitan Transit System (MTS) [voted](#) to postpone efforts for a ½ cent sales tax on the November ballot. According to a list of projects in a

proposed expenditure [plan](#), Elevate SD would have included a total of \$24.5 billion in spending over the next 50 years – including \$10 billion in capital improvements.

California – San Diego – Diversion of Revenue

(4/15/2020): Because of the “sudden and sharp decline in revenue growth” the Mayor is [requesting](#) a diversion of \$29.4 million in from the city’s Infrastructure Fund, which includes revenue from a 2016 ballot initiative. This revenue would help plug a budget deficit estimated to be between \$250 million and \$300 million.

Colorado – Revenue Update

(4/21/2020): In a [report](#) to the Colorado Transportation Commission, CDOT estimated that the combined revenue decrease of motor fuel tax revenues, general fund revenues and other key funding sources could total as much as \$250 million for FY 2020 through FY 2023. The extent of project cuts will depend on the revenue situation.

Connecticut – Revenue Update

(4/30/2020): Expected revenues to the Connecticut Special Trust Fund are expected to be over \$800 million lower over the next five years compared to consensus [estimates](#) that were made in January 2020. This includes revenues from a variety of sources, including the motor fuels tax, oil companies tax and the sales and use tax.

Connecticut – Greenwich – Project Delays & Cancellations

(4/28/2020): The local Board of Estimate and Taxation cut \$4.9 million in road improvements as part of a \$24 billion reduction in the capital plan, according to a local [report](#). A bridge replacement project did remain in the plan- the \$3.5 million cost of the project will be reimbursed by the state.

Florida – Florida Turnpike – Revenue Update

(5/7/2020) Florida Turnpike toll revenues are down \$28 million in March 2020 compared to revenues in March 2019, according to the latest [report](#) from the Florida Department of Transportation.

Florida – Hillsborough County – Postponed Legislative/Ballot Initiatives

(4/6/2020): Hillsborough County has postponed a 1-cent sales tax measure that would have been on the November 2020 ballot, according to recent [news reports](#). Voters had approved the tax in 2018, but that measure has been tied up in the Florida Supreme Court. Local commissioners had planned to put a replacement measure on the ballot later this year. The measure would have raised about \$276 million per year.

Hawaii – Project Delays & Cancellations

(4/9/2020): COVID-19 is causing delays to the final \$1.4 billion construction contract to finish the Honolulu Rail project, according to recent news [reports](#). According to Honolulu Authority for Rapid Transportation Executive Director Andrew Robins, the bidders have had difficulty finalizing their bids because of the disruption of the pandemic.

Idaho – Postponed Legislative/Ballot Initiatives

(3/24/2020): Because of the uncertainty over COVID-19, Governor Brad Little [vetoed](#) a measure that would have doubled the current 1% state sales tax revenue used for roads. HB 325a would have increased the current amount from \$18 million to \$36 million a year. The revenue will stay in the General Fund. The Governor encouraged the Legislature to “pursue a comprehensive package when the state is facing a more positive economic outlook.”

Illinois – Revenue Update

(5/12/2020): The Illinois Comptroller’s monthly [data](#) on the Motor Fuel Tax fund in April 2020 indicates revenues are down by nearly \$13 million compared to April 2019. The Transportation Renewal Fund revenue, which began this fiscal year, was down by \$20 million compared to peak revenues earlier this year. Motor vehicle related revenues are down \$50 million compared to April 2019.

(4/20/2020): In a [letter](#) to their congressional delegation, the Illinois Department of Transportation noted that based on a decline in traffic levels of 50 percent it expects a 30 percent decline in revenues will cost the state \$2.8 billion.

Illinois – Mount Prospect – Project Delays

(5/15/2020): Facing a significant revenue shortfall, Mount Prospect will save \$7 million through a combination of capital project delays and reduced operating expenses, according to a news [report](#). Some projects that will be put on hold include sidewalk repairs, bridge work and road improvements.

Indiana – Elkhart County – Project Delays

(5/6/2020): Facing local revenue declines and anticipated cuts from state revenues, the Elkhart County Highway Department has but recently bid projects on hold, according to a recent news [article](#).

Iowa – Revenue Update

(3/31/2020): Facing a as much as a 40 percent decline in traffic volumes, Iowa DOT estimates revenues to the Road Use Tax Fund could be down 25 percent this year, according to a [memo](#) from the agency to local governments. Based on the timing of revenues, reduced allocations to Iowa DOT, cities and counties from the fund will likely start in May. With an expected total of \$1.73 billion in revenue in FY 2020, a 25 percent decline would be \$431 million.

Kentucky – Project Delays & Cancellations

(4/23/2020): The Kentucky Transportation Cabinet [announced](#) April 23 it will cancel monthly lettings in May and June. Based on Kentucky’s annual program, lettings over those two months would likely have totaled \$83 million. The next scheduled letting will be July 24. The state is also [suspending work](#) on over 100 projects, which had a bid value of \$150 million.

Kentucky – Revenue Update

(5/4/2020): The Quarterly Economic & Revenue [report](#) is estimating a shortfall in the Kentucky Road Fund between \$116.4 million and \$194.6 million for FY 2020. The narrative noted that “much like the General Fund, the outlook for the Road Fund is highly correlated with the public health emergency.”

Louisiana – Revenue Update

(4/22/2020): The state is concerned about an estimated \$249 million shortfall in transportation revenues over the next 15 months, according to a [letter](#) from Louisiana DOT to their congressional delegation. Less revenue in the state Transportation Trust Fund would “jeopardize a substantial portion of our Federal share, resulting in a major disruption in our available funds.” Some of the 236 highway and bridge projects planned for letting between April 2020 and July 2021 could be at risk.

Maine – Revenue Update

(4/21/2020): While work continues on current projects and bids are being opened as usual, Maine DOT is expecting a loss of \$128 million to the Maine State Highway Fund over the next 18 months, according to a [letter](#) from Maine DOT to its congressional delegation. This includes a decline of 40 percent, or \$74 million, for the six months ending September 30, 2020, and an additional decline of 15 percent, or \$50 million, for FY 2021.

Massachusetts – Revenue Update

(4/13/2020): In a [report](#) to the MassDOT Board of Directors, Secretary Stephanie Pollack reported that expected toll revenues will be down \$50.1 million this fiscal year.

Massachusetts – Falmouth – Project Delay

(4/27/2020): The Falmouth Department of Public Works announced they will be delaying several projects because of revenue declines related to COVID-19, according to a news [article](#). This includes at least four repaving projects and an extension of a beach access road.

Missouri – Revenue Update

(4/14/2020): In a [letter of support](#) to members of Congress for additional federal funds to stabilize state transportation revenues, MoDOT said that a scenario with a 30 percent reduction in state transportation revenues would have an impact on capital projects and constructions. The agency noted that “approximately \$2.1 billion in federal funds would go unmatched by the loss of \$530 million in state funds for a total estimated construction awards reduction from an estimated \$4.9 billion (SFY 2021-2025) to \$2.3 billion. That is a reduction of approximately \$2.6 billion in contractor awards including no new awards in 2021 – 2023. Under this scenario, no funds would be available for consultant design work or to purchase right of way. To put this into perspective, that would equate to approximately 400 bridges and 20,000 lane miles of Missouri roadways NOT being repaired that are in our current plan.”

Michigan – Ann Arbor – Project Delays & Cancellations

(5/11/2020): The city is planning to cut \$3.7 million in transportation projects and spending to address expected budget shortfalls, according to a [presentation](#) to the City Council by the Interim City Administrator. The city will save \$1.6 million by delaying a planned bridge project and another \$1.6 million by reducing General Fund capital projects for other infrastructure work.

Michigan – Royal Oak – Project Delays & Cancellations

(4/13/2020): The Royal Oak City Commission has [cancelled](#) the spring 2021 sidewalk program and all road projects, with the exception of one funded by the Michigan Department of Transportation.

Michigan – Saint Clair County – Project Delays & Cancellations

(4/15/2020): The county road commission [plans](#) to cut seven transportation projects amid the economic uncertainty caused by the COVID-19 pandemic. The projects, valued at \$3.16 million, were supported by the local roads fund and did not include state funds.

Minnesota – Moorehead – Project Delays & Cancellations

(4/13/2020): City officials proceeded with one road project but delayed a second project due to growing concern over the financial impact of COVID-19, according to a recent [news article](#). Assistant City Engineer Tom Trowbridge expressed concern that if they delay the project, the state will likely reallocate the \$1.8 million in funds, resulting in even more delays to completing the project.

Mississippi – Project Delays & Cancellations

(4/23/2020): The Mississippi Transportation Commission [announced](#) it will temporarily delay bidding state-funded pavement projects.

Missouri – Project Delays & Cancellations

(4/19/2020): With traffic volumes down more than 30 percent, MoDOT has delayed five projects valued at \$45 million, according to an [article](#) in the News Tribune.

New Jersey – Revenue Update

(3/23/2020): In a [statement](#) to bondholders, New Jersey Department of Treasury did not give specifics, but indicated they expect “precipitous declines in revenues in Fiscal Year 2020 and Fiscal Year 2021.” Although motor fuel tax collections were up in the [March 2020 report](#), the agency expects the impact of COVID-19 to be seen in the next month of data.

New Jersey – NJ Turnpike, Garden State Parkway – Revenue Update

(4/28/2020): With traffic volumes down sharply, toll revenues in the first quarter of the year are down \$23 million below estimates, according to a recent [article](#).

New Mexico – Legislative Veto

(3/11/2020): New Mexico Governor Michelle Lujan Grisham [vetoed](#) a road funding bill that would have provided \$49.5 million for 216 projects. Concerns over revenues because of the pandemic as well as falling oil prices contributed to the uncertainty.

Port Authority of New York & New Jersey – Revenue Update

(4/29/2020): In a recent [presentation](#), the agency's Executive Director Rick Cotton cited a 97 percent decrease in airport passengers, 95 percent decline in transit ridership and 67 percent decline in bridge and tunnel traffic. Absent additional federal funding, the ten-year capital plan will face significant cuts.

New York City – Project Delays & Cancellations

(4/27/20): New York City is not awarding any new roadway, pedestrian, bus or bike infrastructure projects, with the exception of emergency work, for the next few months.

The [Metropolitan Transit Authority](#) has put a 60-day hold on new capital commitments.

North Carolina – Project Delays & Cancellations

(4/23/2020): The NCDOT is facing a \$300 million budget shortfall for the fiscal year ending June 30, 2020, according to a [release](#) from the agency. As a result, all but 50 major projects scheduled to start in the next 12 months will be delayed. These projects are funded by GARVEE bonds, BUILD NC bonds and federal grants. Over [100 projects valued at \\$1.6 billion](#) will be delayed.

North Carolina – Greensboro MPO – Project Delays & Cancellations

(5/13/2020): The Greensboro MPO voted to delay \$71 million in construction projects because of the uncertainty over revenues and state funding, according to a recent news [article](#). Projects have been pushed back as long as five years, and included some widening work, airport projects and interstate interchange improvements.

Ohio – Revenue Update

(5/6/2020): Facing a decline in transportation related revenues, the Ohio Department of Transportation's (ODOT) budget will be cut by \$71 million in FY 2020, according to a recent news [article](#). This decrease is outside of the \$775 million in General Fund budget cuts recently announced by Governor Mike DeWine. A [letter](#) from the Ohio DOT announced General Fund cuts to transportation of \$6.7 million. A separate [article](#) noted that ODOT expects to distribute \$86 million less to local governments.

Ohio – Project Delays & Cancellations

(3/25/2020): In a [notice](#) to the industry, ODOT said it made the decision to defer two projects from the FY 2020 Major New Construction Program to the first half of FY 2021. This included the Interstate 70/71 project in downtown Columbus (valued at \$114 million) and phase 5B of the I-75 widening project at I-74 (\$70 million).

Ohio – Akron – Project Delays & Cancellations

(5/13/2020): The city will cut its road program by one-third, according to a recent news [article](#). This includes dropping many residential streets from its resurfacing program. Last year the city spent \$7 million on road projects. This year's road construction budget will be reduced to \$4.5 million.

Ohio – North Royalton – Project Delays & Cancellations

(5/11/2020): The city will reduce road spending by \$1 million to address budget concerns, according to a recent news [article](#). The city will repave three streets instead of the planned seven roads.

Oklahoma – Diversion of Revenues

(5/14/2020): The Oklahoma State Legislature overrode a veto from the Governor on the FY 2021 budget [agreement](#) that will transfer \$360 million from the Department of Transportation's Rebuilding Oklahoma Access and Drivers Safety (ROADS) fund the Department of Education over FY 2021-FY 2022. In addition, the [budget](#) includes \$200 million in bonds for the Oklahoma Capitol Improvement Authority for construction projects.

Oregon – Revenue Update

(5/7/2020): April 2020 revenue [estimates](#) from the Oregon DOT indicate that despite tax increases in January 2020, transportation related revenues are expected to decline by \$130.4 million in FY 2020. The total impact over the next four budget cycles could be as much as \$205.4 million.

Oregon – Bend City – Postponed Legislative/Ballot Initiatives

(3/18/20): The Bend City Council [removed](#) a \$190 million transportation bond from the May 2020 primary ballot.

Oregon – Pendleton – Postponed Legislative/Ballot Initiatives

(3/27/2020): The *Save Our Streets* campaign, led by Pendleton city councilors and the Mayor, decided to [postpone](#) their campaign supporting a four-cent local gas tax increase to support road construction and maintenance. The measure, which would have raised an additional \$1 million per year, will remain on the ballot. Mayor John Turner recognized that the situation was confusing, but “but we want voters to understand that we no longer endorse or support the fuel tax at this time.”

Oregon – Portland – Revenue Update

(4/16/2020) The Portland Bureau of Transportation estimates a revenue gap of \$23.2 million in FY 2020 and \$55.8 million in FY 2021, according to a recent [presentation](#) at the April meeting of the agency's Bureau and Budget Advisory Committee. To address the shortfall, the agency is considering a hiring freeze, furloughs, borrowing from the Transportation Reserve Fund and reducing programs and projects.

Pennsylvania – Project Delays & Cancellations

(5/8/2020): PennDOT has announced they will cancel seven state-funded resurfacing projects, valued at \$29 million, that had been bid but not awarded, according to a [communication](#) from the Associated

Pennsylvania Constructors. An additional 19 advertised projects, valued at \$63 million, will be removed from the letting schedule.

This is after construction work on most of the highway and bridge projects that were “put on pause” in March resumed. The Governor originally [suspended](#) transportation construction activity March 17. PennDOT [announced](#) March 23 that 61 emergency and critical highway and bridge projects would reopen. Additional projects were announced April 20 and 27.

Pennsylvania – Revenue Update

(5/2/2020): PennDOT said that revenues from the liquid fuels tax receipts, a source of revenue for the state’s highway and bridge program, were down \$50 million in March, according to an [article](#). Revenues were \$270 million compared to an average of \$320 million a month.

(5/1/2020): In a [letter](#) to their congressional delegation, PennDOT estimates that state transportation related revenues will decline by as much as \$1 billion because of the COVID-19 pandemic. They note that “this estimate is difficult to calculate and could be greatly reduced, or increased, depending on the duration of the impact.” The revenue losses are from gas and diesel fuel taxes, licensing and registration fees, sales tax, vehicle rental and lease fees and lottery proceeds.

Pennsylvania – Pittsburgh Airport – Project Delays & Cancellations

(3/27/2020): The \$1.1 billion modernization of Pittsburgh Airport has been postponed, according to a recent [news article](#). Work had stopped under the state-wide orders to halt all construction activity. However, because of the economic uncertainty related to COVID-19, the Allegheny County Airport Authority has said construction of the \$1.1 billion new terminal will likely be delayed.

South Carolina – Revenue Update

(4/10/2020): South Carolina motor fuel tax revenues may decline by as much as 30 percent, according to a recent [news article](#) featuring SCDOT Board Chairman Tony Cox. Chairman Cox also noted the state was taking advantage of lower traffic volume to accelerate work on some projects.

South Dakota – Revenue Update

(4/23/2020): South Dakota motor fuel revenue tax collections could be down as much as 40 percent, according to [comments](#) made by State Transportation Secretary Darin Bergquist to the state Transportation Commission. Combined with other revenue declines, this would translate into \$10 million less per month for transportation. Usually the state highway fund receives an average of \$15 million per month from the motor-fuel tax.

Texas – San Antonio - Postponed Legislative/Ballot Initiative

(5/4/2020): San Antonio Mayor announced the delay of a ballot measure that would redirect a 1/8-cent sales tax to support the city’s mass transit program, according to a recent news [article](#). The program, known as Via Reimagined, would have supported \$1.3 billion in projects over the next decade.

Vermont – Project Delays & Cancellations

(4/12/2020): Most projects under construction or planned for the 2020 construction season were ordered shutdown by the Vermont Secretary of Transportation. A recent news article estimated the value of the program to be \$200 million. There are currently six construction projects on the [schedule](#) to be bid in May.

Vermont – Revenue Update

(4/29/2020): An [update](#) from the Vermont Joint Fiscal Office estimates that Transportation Fund revenues will be down \$44.4 million for FY 2020, compared to estimates from January 2020. The fund is expected to bring in \$243 million in FY 2020 and \$239 in FY 2021.

Virginia – NVTC Transit - Project Delays & Cancellations

(5/7/2020): The Northern Virginia Transportation Commission [announced](#) it will put a “pause” on the fourth round of funding for the Commuter Choice program on the I-66 corridor. NVTC had anticipated \$25 million in toll revenues to support the two-year program in FY 2021 and FY 2022. There were 14 projects being considered for funding.

Washington – Project Delays & Cancellations

(4/6/2020): The [order](#) to stop work on most state transportation construction projects is extended until May 4, according to a notice published by Washington State DOT. In addition to [suspending](#) work on 65 highway and bridge construction projects and most maintenance activities, the state has also reduced Amtrak service, deferred new hires and maintained the winter schedule for ferry service. It expects the lost in transportation-related revenue will be as much as \$100 million per month.

Washington – Port of Seattle – Project Delays & Cancellations

(4/28/2020): The Port of Seattle commission [voted](#) to cut over \$70 million from the capital improvement plan after significant reductions in revenue from the COVID-19 pandemic. Projects impacted include port terminal and airport construction work.

West Virginia - Project Delays & Cancellations

(5/8/2020): The West Virginia Department of Highways has indefinitely postponed the \$20 million spring paving program, according to comments made by Deputy Highways Commissioner Jimmy Wriston to Contractors Association of West Virginia (CAWV). [CAWV](#) posted the information in their weekly news update.

West Virginia – Revenue Update

(5/1/2020): Revenue into the West Virginia State Road Fund were down by \$38.4 million compared to original estimates, according to the latest [report](#) by the State Budget Office. Year to date, total revenues are down by \$39.3 million.