

RESOLUTION 7

To recommend indexing the investment in transportation infrastructure to prevent loss of purchasing power over time.

WHEREAS, attendees of regional meetings expressed support for investing in transportation infrastructure in a manner that addresses the State's long-term needs; and

WHEREAS, attendees of regional meetings agreed that the current excise motor fuel tax has lost over half of its purchasing power since established at the current levels in 1990; and

WHEREAS, attendees of regional meetings agreed that a successful business model for any organization accounts for increases in costs over-time, and that such a model is not in place for transportation in Louisiana; and

WHEREAS, independent experts testified before the Task Force that highway construction costs and vehicle fuel economy have increased 62.3 percent and 17.2 percent respectively since 1990; and

WHEREAS, increases in highway construction costs and fuel economy are outside the control of the State but have a direct impact on the purchasing power of the State's investment in transportation infrastructure; and

WHEREAS, no adjustment to the State's investment in transportation infrastructure has been made since 1990; and

WHEREAS, if adjusted for inflation, the current 16 cent motor fuel tax established in 1984 would currently be approximately 37 cents today; and

WHEREAS, failing to adjust the motor fuel tax since 1990 has resulted in the 16 cent motor fuel tax having the purchasing power of approximately only 7 cents today; and

WHEREAS, 19 states currently rely on different indexing methods in levying a variable rate motor fuel tax to mitigate or prevent the loss of purchasing power over time without creating short-term volatility; and

WHEREAS, failing to index increases in revenue for transportation infrastructure will, in the future, as now, result in the State being unable to adequately meet its transportation needs; and

WHEREAS, the Task Force is charged with making investment recommendations that address the long-term transportation needs of this State.

THEREFORE BE IT RESOLVED, that the Governor's Task Force on Transportation Infrastructure Investment does hereby recommend indexing the investment in transportation infrastructure to prevent loss of purchasing power over time; and

BE IT FURTHER RESOLVED, the indexing method selected should provide for long-term gradual increases over time without creating short-term volatility; and

BE IT FURTHER RESOLVED, special consideration should be given to managing the rate of indexed increases, including, but not limited to the timing of allocating the index, limitations on the frequency of the index, allocation of a floor and ceiling to the index, and a system of executive and legislative oversight; and

BE IT FURTHER RESOLVED, a copy of this resolution and additional information supporting the findings contained herein shall be included in the submission to the Governor by January 1, 2017.

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Co-Chair, Secretary Shawn D. Wilson, Ph.D.

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Co-Chair, Gen. John Basilica