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Stay the Course:
Lessons Learned from Recent
State Transportation Revenue
Campaigns

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Background

President Biden and bipartisan Members of Congress have been focused on completing important legislation that would include a significant increase in investment for infrastructure over the next five years. For Congress, raising needed revenue directly from transportation users remains a bridge too far to cross. Fortunately, there are unique federal budgetary options that temporarily make it possible to transfer general funds to the Highway Trust Fund and increase spending on roads, transit, rail, and other infrastructure. These transfers have kept federal surface transportation programs afloat for the past thirteen years.

While most states have some flexibility to transfer funds internally between programs, they do not have the borrowing power of the federal government and, in many cases, must balance their budgets. States that are best prepared to match federal funds will have a significant leg-up in taking advantage of new discretionary programs while also matching an estimated 30% increase in funding for the traditional programs. Unlike the FAST Act and MAP-21 before it, there is significantly more discretionary funding proposed in pending legislation. States should be planning now to identify opportunities to match the federal funds that will be dedicated to discretionary programs. Each year in August, excess funds are redistributed from states that cannot use them to those that can.

With or without a new transportation bill, many states also face an overwhelming transportation backlog that needs to be addressed. The U.S. Department of Transportation's upcoming 24th edition of the Nation's Highways, Bridges and Transit Conditions and Performance is expected to identify more than \$1 trillion in backlogged cost-beneficial highway projects alone.

As Congress was in the midst of drafting its infrastructure legislation, the ACEC Research Institute recognized that Member Organizations and other state transportation groups will face significant challenges to build momentum for corresponding increases in state transportation revenue needed to match federal funds. To address this challenge, the Institute embarked upon a review of several notable statewide ballot and legislative campaigns – including both successful and unsuccessful efforts. The goal of this report is to provide “lessons learned” that can be applied to future state campaign efforts. These lessons may also prove useful to federal legislators in the future, if and when a serious effort is undertaken to return to deficit-neutral transportation investment by raising user fees and other alternative revenue streams to align with investment needs.

Summary of Key Findings

Cultivate strong political champions

To achieve success, strong political leaders are essential in critical positions at the legislature, transportation department and/or Governor's office. While it is possible to overcome powerful opponents, they typically must be overwhelmed by multiple political champions dedicated to the cause.

Plan early and be in it for the long-haul

Successful campaigns typically require multi-year planning to overcome challenges and get the timing right to win. Legislation and ballot measures often fail in the years before they eventually succeed. Overcoming opposition, misinformation and bad timing can be achieved with good preparation and organization.

Gather trustworthy data to support your case

While a strong narrative is a powerful tool, trustworthy data is important to support your talking points and graphics. Utilize data from the state DOT if it has a positive reputation or a respected academic institution to justify the amount of revenue needed and to combat opponents' misinformation. Depending on state law, individual state DOTs may be able to take a more or less active role in your campaign.

Keep your coalition together

Stakeholders are best served by investing in a broad-based coalition with a strong, respected leader. The leader needs to represent a variety of interests fairly, help solve both internal and external fractures through facilitating compromises, and prevent splintering within the coalition.

Be flexible on the source of revenue to be raised

Coalitions we studied typically had little to no role in choosing the type of revenue to be raised. Instead these choices should be left to the politicians. However, the campaign coalition should take a strong position on the amount of funds needed and be ready to fight for the source of revenue identified by your champions.

Building A Successful Campaign Coalition

ACEC Member Organizations and their supporting companies are well-positioned to take on the key leadership roles in building state campaign coalitions. Engineers and planners are experienced problem solvers, project managers, and negotiators. Engineering companies also have good relationships with their clients -- government agencies. Active, committed leadership from ACEC Member Organizations in state advocacy coalitions helps make revenue campaigns successful.

Construction companies that stand to directly benefit from the legislation are natural to include, such as general contractors, road builders, and suppliers of asphalt and concrete. Other allies that are indirect beneficiaries are needed to round out the coalition and give it more credibility. These include business leaders, community organizations, chambers of commerce and other economic development associations. Trucking associations, labor unions, local governments, transit agencies, and the state DOT (if allowed by state law) also bring tremendous value to a campaign. While most coalitions we studied did not include bicycle advocacy groups and environmental organizations, outreach to assuage these groups may be advisable, particularly in more progressive states.

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Develop Strategy and Policies

A common theme of the coalitions studied was that they were created years ahead of successful campaign initiatives. Long-term strategic planning and preparation are critical elements of success. Agreement on the level of funding needs, the type of revenue-raising measure, and how the funds would be spent must all be developed ahead of time to avoid major problems later.

Every successful campaign included a political champion or champions that had a visible or behind-the-scenes role in developing goals, strategy and tactics. Champions help to generate public support as well as the support of their colleagues in the legislature. In all cases the governor and/or state DOT director was a strong proponent of the legislation, either visibly or behind-the-scenes.

The contents of the legislation or ballot measure must be tailored to the unique needs of the state or geographic region of the country. While some legislators were inspired by other state model legislation in terms of how to raise revenue, there was considerable variability between states in how best to spend funds. In some cases, states did not identify specific project lists out of concern that such an approach would lead to jealousy and unreasonable demands among legislators. In other states a project list was deemed essential to gain public and political support. In many of the rural states, champions were adamant on preventing “diversion” of funds to non-road projects while in more urban and coastal states, sharing revenue across modes was essential for success. Developing a coalition agreement in advance with the political champions is important.

One of the more challenging elements in certain campaigns was how to address the distribution of funds between state and local transportation entities. Again, a coalition agreement with the full buy-in of your political champions is key and best handled behind the scenes through negotiation and compromise.



Addressing the Public Perceptions of the Transportation Agency

In 2009, a report focused on “Making the Case for Transportation Investment” was published by the National Cooperative Highway Research Program, which is funded by AASHTO and TRB. Among various factors, the study identified “credibility” of the transportation agency as one critical factor for success in raising revenue. Surprisingly, our study found that a neutral or somewhat negative perception of the transportation agency did not necessarily lead to defeat .

Timing

Every success studied was preceded by failure. But in each state, failures culminated in a successful campaign, typically one to three years later. In nearly every successful campaign, a common phrase was mentioned: “This was the year all the stars aligned.” In one case, it was a new governor. In another case the opposition was occupied with threats that were perceived to be greater. And in other cases it was overcoming issues that doomed previous efforts. The key is to learn from past mistakes and make sure your campaign is ready when the stars align.

"This was the year all the stars aligned."

In cases where stakeholders felt the public or lawmakers had a more negative impression of the state DOT, they focused more attention to either improve public perception of the DOT as part of the campaign and/or to promote the measure as a way to reform and redirect how the transportation funds would be spent in the future.

In states where the transportation agency enjoyed positive perceptions, the agency was able to take a more active and sometimes public role in the coalition to generate political support for additional funding. In both positive and negative credibility situations for the transportation agency, the campaign coalitions were able to employ tactics to build political and public support.

Five Campaign Challenges and Solutions

1. Pushing Back on Anti-Tax Sentiment

One of the most often mentioned challenges (and biggest hurdles overall) in the campaigns to pass funding legislation/ballot measures was overcoming conservative, anti-tax organizations. Among the various approaches to raising revenue, fuel taxes are often seen as a particularly difficult vote for lawmakers. However, according to ARTBA's Transportation Investment Advocacy Center, voting for a fuel tax increase does not hurt re-election prospects, with 93% of these lawmakers winning their re-election races. Addressing the anti-tax sentiment challenge can be handled in a variety of ways.

In the case of a failed ballot measure to raise taxes, a state legislature came back two years later and passed "fees" that had similarities to the previously proposed taxes but were not considered taxes under the state constitution. Although transportation groups were disappointed that the initial tax ballot measure failed, the attention it raised to unmet needs ultimately created the necessary momentum for similar legislation to pass.

Identifying and leveraging a large group of "transportation champions" in the legislature can be particularly effective. One noteworthy campaign spent 18 months on field trips with legislators to construction sites, a rock quarry, and a transit station to arm a group of more than a dozen champions with key facts and figures they shared among their colleagues.

Finally, it may be necessary to invest in major communications and public relations. Anti-tax sentiment can be addressed using messages on social media, TV and radio, and op-ed pieces in newspapers. Online grassroots organizing tools help to get the word out to stakeholders and their friends and family.

2. Keeping the Coalition Together

Successful campaigns were most often characterized by a very large, broad-based coalition. One of the main challenges was keeping the coalition together. A professional political campaign manager or skilled consensus-builder serving as a coalition executive director can keep participants united and focused on common goals.

Broad-based coalitions are by their nature difficult to manage for a variety of reasons. The largest obstacle was keeping coalition members together when they were at odds with one another. The best strategy for keeping the group unified was to ensure regular communications, having forums to discuss agreements, and willingness by all to compromise for the greater good. The campaign executive director or manager must confront and resolve internal dissension before members of the group attempt to cut individual deals that threaten the coalition itself.

3. Ensuring the Revenue Target is Credible

Opponents may claim that campaign revenue targets aren't credible or that simply "doing more with less" can better address transportation needs. Early planning, well-before the campaign launch is critical to establish a robust, credible, a politically-viable target for the revenue needed. Close consultation with potential political champions is key to reach agreement on the revenue target.

Universities can provide a trusted, objective, third-party assessment of revenue needs. In some cases, where the Department of Transportation is well regarded, DOT analysis and identification of needs can be useful. Some DOTs keep a running list of backlogged issues that can be publicized to help make the case for significant revenue increases.

4. Identifying How to Raise Money and Where It Would Go

As discussed earlier, determining the mechanism for funding is likely to fall to the governor or politicians. Approaches in recent state legislation included traditional fuel taxes (include a refund option), general obligation bonds, indexing fuel taxes to inflation (including construction inflation), reducing diversion from transportation funds, redirecting sales/other taxes to transportation, electric/hybrid vehicle fees, and motor vehicle registration fees. The mechanism for increasing funding may be based on previous failures or a study of successful approaches in other states. In most cases reviewed, the coalition itself did not get to determine how to raise the revenue but needed a plan to vigorously defend the approach chosen by the governor or champions in the legislature.

Determining how funds would be allocated and spent can be a real challenge to the unity of a coalition and requires negotiation, communication, compromise, and clarity of what is possible from the political champions. In some states, specific projects were identified in the legislation. In other states, revenue was provided to the DOT to decide which projects to fund. A significant sticking point in some states was the share of revenue that would go to the local government. These decisions can create anger and resentment among coalition members and it is important to keep the group together as much as possible.

5. Fighting Opposition Groups and Combatting Misinformation

In most cases, opposition to transportation campaigns were loosely organized and ineffective. However it is wise to be prepared for strong adversaries. The most common opponent of revenue measures are conservative opposition groups, who have fought both tax and bond initiatives in several states. Progressive and environmentalist opponents may also position themselves in opposition to infrastructure legislation if they disagree with how the funds are to be spent or feel the money raised will take away from their own priorities – for example, not enough on active transportation or too much on new highway capacity. In some cases, conservative tax-opponents and liberal environmentalists have joined forces to flank transportation advocates in the political center and defeat them. In one reviewed case, opponents of a transportation ballot measure were able to defeat the measure by sowing confusion through a competing measure on the same ballot.

Similar to other challenges discussed above, prevailing over the opposition requires advance preparation even before the campaign launches, including talking points and infographics backed with credible data. It is also critical to coordinate messaging closely with your political champions.

For example, in a couple of states, the political champions recognized that adding an optional “refund mechanism” on the increased fuel tax would earn additional votes and would be unlikely to result in many refund requests once drivers realized how small the actual increase was per year. Several state campaigns were able to give legislators the confidence they needed by providing data showing that no one who supported the previous, failed effort had lost their re-election campaign. And in one notable state, the campaign needed a minimum of ten more votes from the legislature and met directly one-on-one with each fence-sitter and wavering opponent to share solid data and explain the real-world impact of a failure to adequately invest. In the end, they received more than twice the votes they needed.

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Sometimes, creative and fun approaches can turn heads and change votes. The most unusual case we reviewed, that coalition leaders insist helped deliver needed votes, involved sending a plane with a large banner in support of the legislation over a widely attended golf event featuring the governor of that state. The tactic drew significant media attention and helped the legislature override the governor's veto.

Misinformation over social media is a growing tactic and is extremely difficult to combat. Supporters have successfully countered misinformation by providing accurate information, not only on social media, but also directly to legislators and traditional media. It is imperative to dispel misinformation among legislators who were misinformed by constituents or by project opponents. Your political champions are an important resource in addressing misinformation circulating among legislators.

Application to Federal Legislation

As challenging as state campaigns can be, 33 states have successfully raised revenue since 2013, according to the National Conference of State Legislatures. Yet, Congress has not raised federal fuel taxes and truck fees since 1993. There have been many efforts to address the dwindling value of the fuel tax since 2003, when then-Chairman of the House Transportation and Infrastructure Committee Don Young proposed and withdrew legislation to raise fuel taxes by ten cents. If bipartisan infrastructure legislation is successfully enacted, transportation advocates will have a five-year reprieve from collapse of the Highway Trust Fund. While this white paper has focused on state campaigns, the same lessons apply to the most difficult challenge of all, increasing sustainable revenue to the federal trust fund. The tactics proposed above and the acknowledgement that years of planning are needed to execute a winning campaign suggest that the time is now to get to work for a revenue plan that can sustain federal leadership in surface transportation over the long-term.

Methodology

The ACEC Research Institute conducted 16 confidential interviews with 21 individual stakeholders between September 13 and 23, 2021. Interviewees had key roles in nine campaigns in seven states between 2017 and 2021. Campaigns were selected to obtain balance and diversity with respect to geographic location, political leanings of the legislatures and governors, differences in proposed revenue-raising measures, differences in how funds were intended to be spent, and the amount of funds raised.

The state campaigns that were studied were located in Alabama, California, Colorado, Idaho, Illinois, Missouri, and South Carolina. Stakeholders included ACEC Member Organization representatives, elected officials, and other organizations involved in campaign coalitions.

About the ACEC Research Institute

The ACEC Research Institute's mission is to deliver knowledge and business strategies that guide and elevate the engineering industry and to be the leading source of knowledge and thought leadership for creating a more sustainable, safe, secure and technically advanced built environment.

The ACEC Research Institute provides the engineering industry with cutting edge research, trend data, and economic analysis to help firm owners make decisions and delivers thought leadership that advances engineering's essential value to society.

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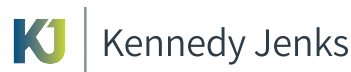
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