



I. **Three keys for responsible transportation spending**

Transportation systems are the backbone of a strong local economy, allowing people and goods to move efficiently and effectively. At its core, transportation infrastructure is no different than any other type of public or private good and is subject to the law of supply and demand.

In the case of traffic congestion, the demand for road travel exceeds the supply of roads or capacity, the result of which leads to lost time, lost fuel, and excess pollutants emitted into the atmosphere.

Traffic congestion may also lead to capping growth and access while limiting labor markets. In essence, the number of available jobs, available workforce, and accessible services is limited by both distance and time. The more traffic congestion, the fewer opportunities to participate in the economy.

Freedom of mobility allows the public to travel wherever and how they choose with no – or minimal – restrictions. In recent decades, many public officials have waged campaigns to "discourage" certain modes, like cars, by implementing regressive tolling schemes, limiting parking, taking travel lanes away from drivers, and increasing traffic congestion to push people to other modes of transport or eliminate trips entirely.

Responsible transportation spending will be guided by policymakers who are guided by three key commitments.

1. Spend resources based on demand

Transportation spending should be guided by current and future demand instead of ideological visions. Politicians and transportation officials often want to spend limited tax and

fee dollars based on how the public should travel instead of how the public chooses to travel.

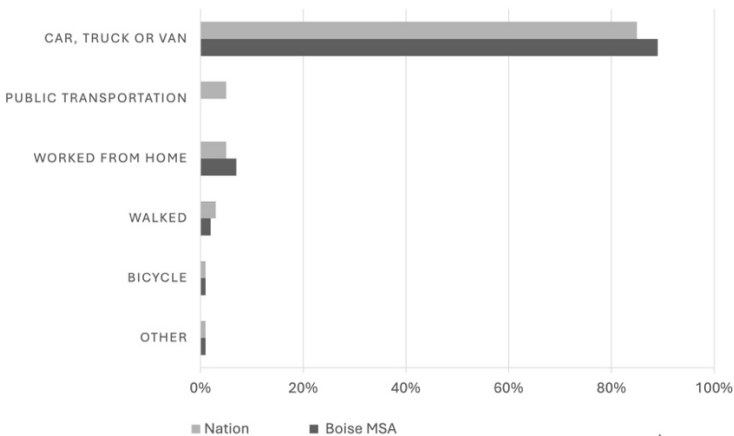
For example, in Idaho, Valley Transit in the Treasure Valley seeks additional tax revenue to subsidize service, despite the lack of demand for its services.

According to the Metropolitan Planning Organization (MPO) for the Boise area, COMPASS, public transportation in the Valley will become insolvent around 2028, and by 2050, will have \$328 million in deferred maintenance needs and \$982 million in unfunded costs.

Yet in 2019, even before the COVID-19 pandemic, just 1,199 people took public transit as a commute mode, representing 0.4% of commuters, significantly lower than the 5.0% national average. To put this in perspective, 6.8% of people worked from home, and 88.8% of people commuted via car.

U.S. vs. Boise MSA commute mode share

2019



2. Users pay, users benefit

The highway system is largely funded by user fees, though in recent years transportation and politicians have dedicated sales tax revenues to the highway fund. User fees are collected by the federal, state, and local governments to maintain, preserve, and expand the road and highway system. Using Idaho as an example, taxes and fees include the \$0.32 cents per gallon state fuel tax, the \$0.184 cents per gallon federal fuel tax, and license fees.

The public transportation system in the Treasure Valley, Spokane region, and cities in Montana and Wyoming is, in part, funded by user fees, but the vast majority is paid by general taxation or deficit spending.

Due to the projected shortfall at public transportation agencies around Idaho, COMPASS officials have begun to analyze new “revenue streams,” none of which involve users of the public transportation system paying more. Instead, they look to other options including a higher sales tax, or a vehicle-miles traveled fee, paid by drivers, which could be used to funnel money to other, less popular modes.

This same story is playing out across the Mountain States. Some argue that public transportation indirectly provides benefits to drivers by keeping cars off the road, leaving more space for everyone else. Yet road maintenance, preservation, and expansion provide a real, direct benefit to drivers instead of a theoretical, indirect benefit like transit.

3. Establish performance measures

As our region continues to grow, more pressure will continue to be put on the transportation network. It is important to establish performance measures whether for

Interstates, state highways, local roads, or local public transportation, both in spending and ridership.

Looking to neighboring Washington state, official transportation policy goals once included things such as “delay on state highways should be significantly reduced and be no worse than the national mean,” and, “delay per driver should be significantly reduced and be no worse than the national mean.” Yet after stripping that policy goal from law, traffic congestion has continued to grow.

Other examples of policies that improve road and highway performance include maintaining a strong level of service standards and requiring that road projects maximize real-person throughput. Performance measures tied to revenue and spending can also benefit users. For example, if a passenger or commuter rail system is considered, it should be less costly and carry more riders than buses or a bus rapid transit line.

Recommended performance measures

Road	Reduce traffic delays and maintain competitiveness versus peer metro areas
Road	Maintain strong level of service standards for highways, arterials and city streets and intersections
Road	Maintain and increase actual person-throughput levels on roads and highways, not theoretical; increases traveler and economic benefits
Transit	Maintain minimum ridership per route, prioritize cuts where underused and commit to reinvestment
Transit	Match mode spending to performance
Transit	Keep costs per platform hour under national average and peer agencies
Transit	Implement minimum farebox recovery standards of 25%
Project selection	Ensure fair and adequate alternatives are studied with prioritization to most benefit/cost (and cost per rider, cost per user)
Project selection	Ensure projects selected are among the highest benefit-cost among potential projects using fair and accurate assumptions

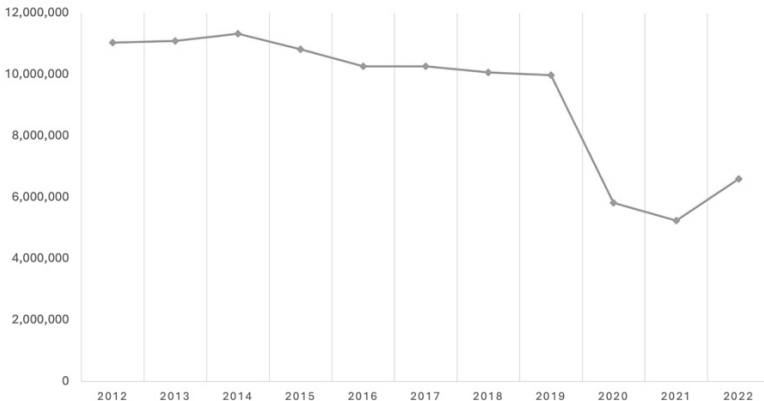
By following these principles, policymakers will not only benefit travelers but also freight movers, suppliers and the even the agricultural industry.

II. The most efficient and effective mass transit options

The primary goal of a mass transit system should be to move people from point A to point B in the most efficient manner possible. Both riders and taxpayers shoulder the burden of paying for public transit, but taxpayers typically cover most of the cost. Over the past decade, the price tag has only surged while ridership on most regional transit agencies has sharply declined.

Bus ridership

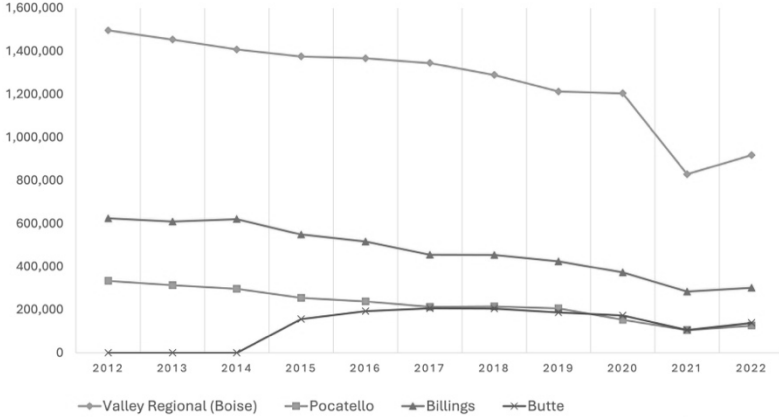
Spokane Transit Authority - 2012-2022



The largest transit agency in the region is Spokane Transit Authority (STA). Bus ridership has fallen precipitously since the early 2010's, with the most drastic fall coming in the wake of the COVID pandemic. The cost for STA's bus system, however, has only increased, with the cost per trip in 2022 hitting \$11.41.

Bus ridership

Valley Regional Transit (Boise), City of Pocatello, Billings MET Transit, Butte Silver Bow Transit, 2012-2022
The National Transit Database – Federal Transit Administration



Cost Per Bus Ride

The National Transit Database – Federal Transit Administration

Year	Spokane Transit	Valley Regional (Boise)	City of Pocatello	Billings MET Transit	Butte Silver Bow Transit
2012	\$3.92	\$4.58	\$3.26	\$5.72	n/a
2013	\$3.98	\$4.97	\$3.67	\$6.01	n/a
2014	\$4.02	\$5.81	\$4.05	\$6.19	n/a
2015	\$4.29	\$6.01	\$4.37	\$7.25	\$4.38
2016	\$4.47	\$6.99	\$4.47	\$6.92	\$4.40
2017	\$4.81	\$7.85	\$5.62	\$7.67	\$4.24
2018	\$5.24	\$8.27	\$4.45	\$8.22	\$4.15
2019	\$5.53	\$8.99	\$4.31	\$9.16	\$4.39
2020	\$9.85	\$9.41	\$7.02	\$10.68	\$4.72
2021	\$10.46	\$13.82	\$10.35	\$15.15	\$7.88
2022	\$11.41	\$14.36	\$8.79	\$14.65	\$6.50
% Change	↑ 191%	↑ 214%	↑ 170%	↑ 156%	↑ 48%

Ridership declines are also seen at the primary transit agencies in Idaho and Montana. Unfortunately for taxpayers, the cost for providing a fewer number of rides is only increasing – up a staggering 214% in the past decade for Valley Regional Transit (Boise) and 191% for Spokane Transit.

The data for bus service only tells part of the story. Transit agencies also provide demand response service, which is a non-fixed route that is typically curb-to-curb and requires advanced scheduling. Often, passengers may have a disability that requires extra assistance. The cost to provide this service is enormous and only growing. In Spokane, Boise, Billings and Butte, demand response costs per trip can range from \$40 to \$60 – much more than a typical Uber or taxi might cost.

Demand Response Cost Per Trip

The National Transit Database – Federal Transit Administration



There is a success story in local public transit – vanpools. Much like a carpool, a vanpool is typically a group of 5-10

(sometimes more) people who commute to and from work together.

Vanpooling is cost effective as members will often share vehicle, gas, and any tolling costs. They pick the routes, the schedule, and the locations. And they also pick up a larger chunk of the tab.

Both Spokane Transit and the Ada County Highway District run successful vanpool programs that, in the end, cost a fraction of other modes, not only when looking at cost per trip but also the cost of transporting a passenger just one mile.

For Spokane Transit, the data shows a cost of \$2.67 per mile on a bus. The cost to transport someone one mile via vanpool is just \$.28 – less than half the standard IRS mileage rate.

Vanpool Cost Per Trip

2022 – The National Transit Database – Federal Transit Administration

Spokane Transit	Ada Co. Highway District
\$8.21	\$8.32

III. Adopt Truth in Labeling for gas taxes

Gas prices are inflated by government taxes and fees. Do consumers in the Mountain States really know what they are paying when they fill up at the gas station? The answer is likely no. That's because gasoline is one of the few products we purchase where taxes and fees are built into the price. This means there is no transparency about the true financial burden placed on consumers. The fix to this lack of transparency is what has been called "truth-in-labeling."

The Cost of Gasoline and taxes

Gas prices are difficult to predict. Most of the cost of a gallon of gas comes from the price of crude oil, which can fluctuate wildly. There are several components to the cost of a gallon of gas. The U.S. Department of Transportation says gas taxes make up about 19% of the overall cost of a gallon – but this will vary depending on the state and the current price.¹ For example, if the gas price is high, the gas tax percentage will be low. Likewise, if the gas price is low, the gas tax percentage could be much higher.

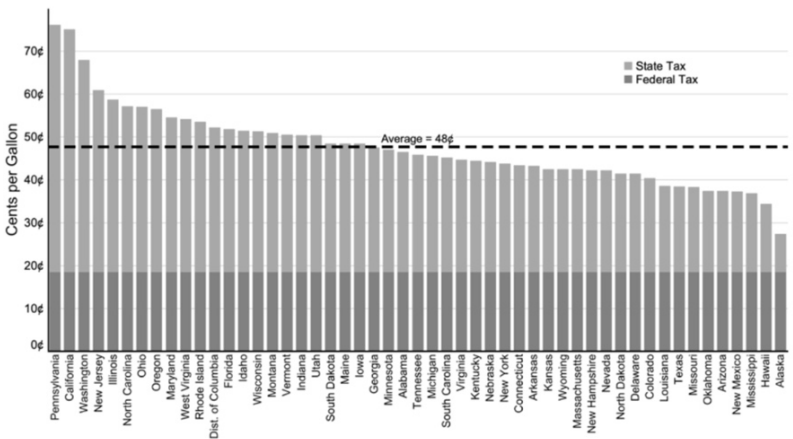
Gas taxes vary by state, but the Mountain States do charge more than average. In Idaho, the state gas tax is 32 cents per gallon. It was last increased in 2015. In Montana, the state gas tax costs consumers 31 cents per gallon. And in Washington, the state tax hits nearly 50-cents per gallon. Washington has also implemented a carbon tax and low carbon fuel standard that has dramatically increased the cost of a gallon of gasoline, although that policy is subject to repeal by voters in the 2024 general election.

The state-by-state tax burden does not include the federal gas tax of 18.4 cents per gallon. Overall, Idaho, Montana and Washington all have gas taxes that rank in the top 16 states. When taken together, a large portion of the overall cost of a gallon of gas goes toward taxes, which are mostly used to fund roads, bridges and a state's transportation system. However, when policymakers adopt gas tax hikes, there is no accountability built into the system. The cost is hidden in the price.

¹ "Motor Fuel Data," U.S. Department of Transportation, available at <https://www.fhwa.dot.gov/policyinformation/motorfueldata.cfm>

Federal and state gasoline taxes

January 2022



This is unusual when purchasing almost any product. After all, the price of a loaf of bread at the grocery store does not have the sales tax built in. Neither does the purchase of a bottle of water. Most consumers are able to see the tax burden they face on their receipts. If they don't like the cost or don't think it's being used properly, they can talk to their elected official. But with gas taxes, consumers are left in the dark.

Truth in Labeling examples from Washington, Ohio & Utah

In 2017, Washington state passed House Bill 2180, providing fuel tax transparency.² This measure required the Washington state Department of Agriculture to produce a sticker that would be placed on every gas pump near the

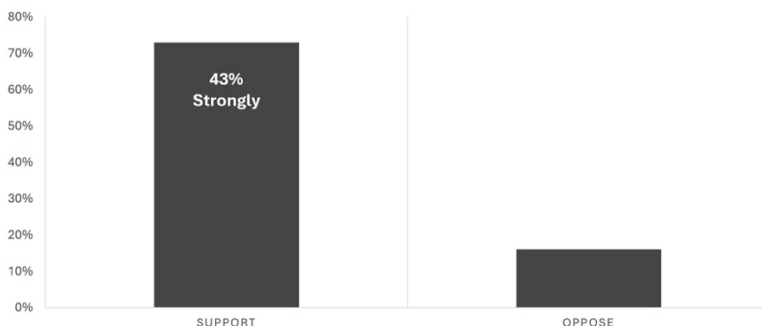
² "Knowing your gas tax cost," Seattle Times, November 2017, available at <https://www.seattletimes.com/seattlenews/transportation/whats-your-gas-tax-stickers-coming-soon-to-the-pump/>

weights and measures certification. The sticker would simply inform drivers of their state and federal tax burden. In Ohio, state workers began placing the stickers on gas pumps in 2019, as part of a deal to increase the gas tax.³ In Utah, gas tax stickers are being placed at stations beginning this year.⁴

Gas tax transparency

The Idaho Poll – Mountain States Policy Center – November 2022

Would you support or oppose requiring the state to post, at the gas pump, how much it collects on each gallon of gasoline that is pumped?



In most states, gas taxes are used to fund road construction projects. While not necessarily eager to pay more, taxpayers will typically support government funding that they know is transparent and will be wisely used. Unfortunately, gasoline taxes are not transparent. Because they are built into the cost of the product, citizens have no idea how much they are really paying, and where it is going. Inevitably, it makes it difficult for citizens to grasp the amount of funds available for transportation, and where

³ “Gas tax stickers finally being added to pumps,” The Columbus Dispatch, February 11, 2020, available at <https://www.dispatch.com/story/news/politics/2020/02/11/gas-tax-stickers-finally-being/1727809007/>

⁴ “Motor and special fuel tax act,” Utah State Legislature, available at <https://le.utah.gov/xcode/Title59/Chapter13/59-13-S201.html>

they are being spent. In an age of surging gas prices, a “truth-in-labeling” policy is a reform worth pursuing.

IV. Avoid adopting a mileage tax

States and the federal government typically use gas taxes to pay for roads, bridges, highways and other transportation needs. But what happens when more Americans switch over to electric vehicles - who will pay then?

Transportation activists are telling the federal and state governments to adopt vehicle miles traveled (VMT) or, put simply, mileage taxes.⁵

In other words, you would be charged a certain amount for every mile that you drive. Some state proposals have the mileage tax at nearly three cents per mile. For the average person driving a vehicle 12,000 miles per year, that totals nearly \$360.

In addition to the cost, there are many unanswered questions regarding a mileage tax, including:

- Would drivers be charged both gas taxes and mileage taxes?
- Would mileage taxes be required to be used on transportation projects?
- How would the government track a driver’s mileage?
- How does the government avoid privacy concerns?

⁵ “Keep it simple, experts tell feds on planned mileage fee experiment,” Route Fifty, August 15, 2023, available at <https://www.route-fifty.com/infrastructure/2023/08/keep-it-simple-experts-tell-feds-planned-mileage-fee-experiment/389449/>

- Do mileage taxes unfairly punish those in rural communities?

In some state pilot programs, drivers have had the option of placing GPS devices in their vehicles to track mileage, but at least one participant also had her driving infractions recorded.⁶

But without a GPS or other form of tracking device to determine where you are driving, mileage reporting becomes a paperwork issue. If you live in a border community or take a long summer road trip, you could end up paying a tax to one state while driving on another state's roads.

Generally speaking, user fees are a solid and fair approach to transportation funding. However, use of a state or national mileage tax must first clearly answer these questions before being ready for implementation.

V. Resist stifling rideshare regulations

The advancement of Uber, Lyft and other ridesharing services has revolutionized the way we move and provided an economic opportunity for thousands.

Unfortunately, policymakers in some regions have deemed it necessary for the government to get involved. In 2020, for example, the city of Seattle passed a “Fare Share” ordinance, which set minimum compensation for rideshare drivers.⁷ Less than 24 months later, government leaders in Seattle decided to add more regulations – creating workplace “protections for app-based workers.”⁸

⁶ “State may use private vehicle data for mileage tax,” Washington Policy Center, December 15, 2021, available at <https://www.washingtonpolicy.org/publications/detail/state-may-use-private-vehicle-data-for-mileage-tax>

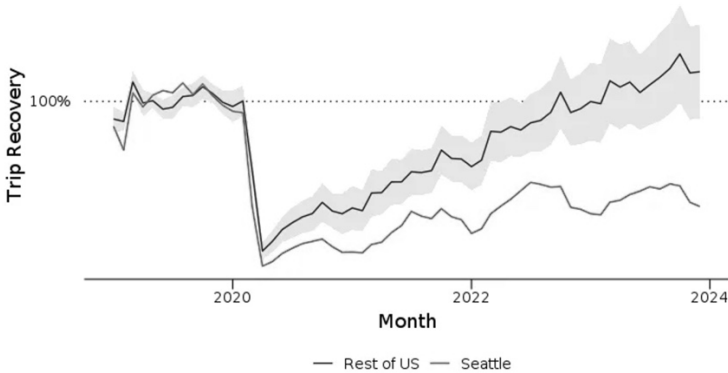
⁷ Minimum compensation established by Fare Share ordinance, Office of Seattle Mayor Jenny Durkan, January 2021, available at <https://durkan.seattle.gov/2021/01/minimum-compensation-established-by-fare-share-wage-ordinance-in-effect-as-of-january-2021/>

⁸ The impact of Seattle's driver and courier pay regulations, Medium, February 22, 2024, available at <https://medium.com/uber-under-the-hood/the-impact-of-seattles-driver-and-courier-pay-regulations->

The results have been disastrous. Prices for riders increased dramatically, which was particularly difficult for low income users. In fact, 44% of Uber rides start or end in a low-income neighborhood.

Those who drafted the legislation unintentionally set minimum compensation far higher than the minimum wage. As a result, demand fell and Seattle's trip cost recovery from the COVID shutdowns has been much lower than the rest of the United States.

Seattle rideshare trip cost recovery



While the intentions behind the legislation are commendable, it's evident that policymakers in Seattle and elsewhere lack the necessary expertise to determine appropriate compensation for delivery drivers.

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These drivers provide a valuable service. They deserve fair pay. But companies like Uber, Lyft and DoorDash have established more effective methods for enabling people to enter the delivery business and for compensating them adequately.