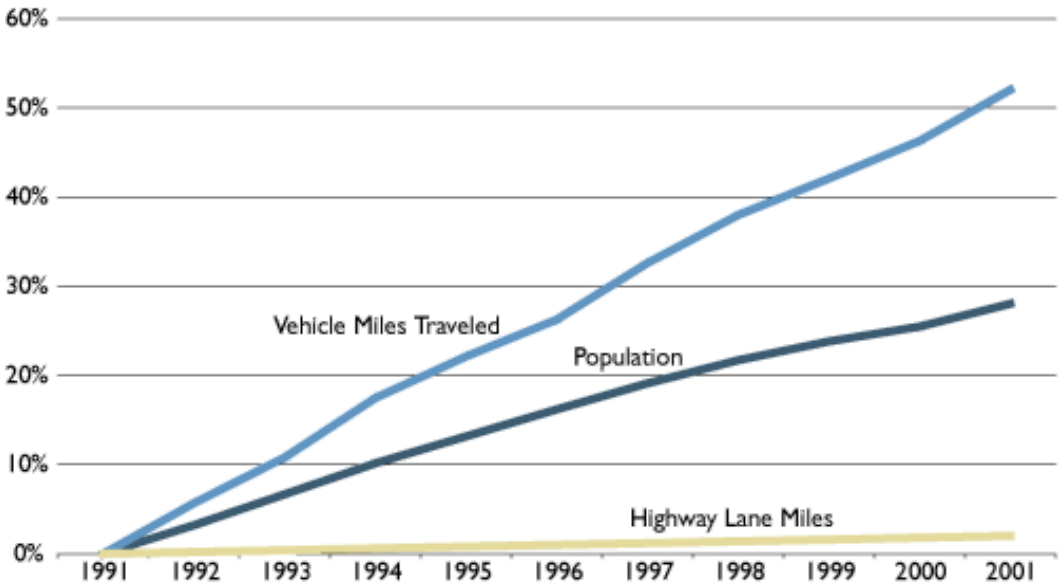
Utah FOUNDATION RESEARCH BRIEF

Challenges in Meeting Utah's Growing Transportation Needs

April 9, 2004

Utah faces a major challenge as the demand on the state's transportation system continues to rapidly grow. From 1991 to 2001 Utah's population increased 28%, while travel, measured by Vehicle Miles Traveled (VMT) increased by 52% (Figure 1). During that same period highway capacity (lane miles) on the state system has increased only about 2%. The rise in travel is a national trend, and the Federal Highway Administration forecasts that travel will increase another 50 percent over the next 20 years. The Utah Department of Transportation (UDOT) expects to see a similar trend in Utah.

Figure 1: Utah Transportation Trends

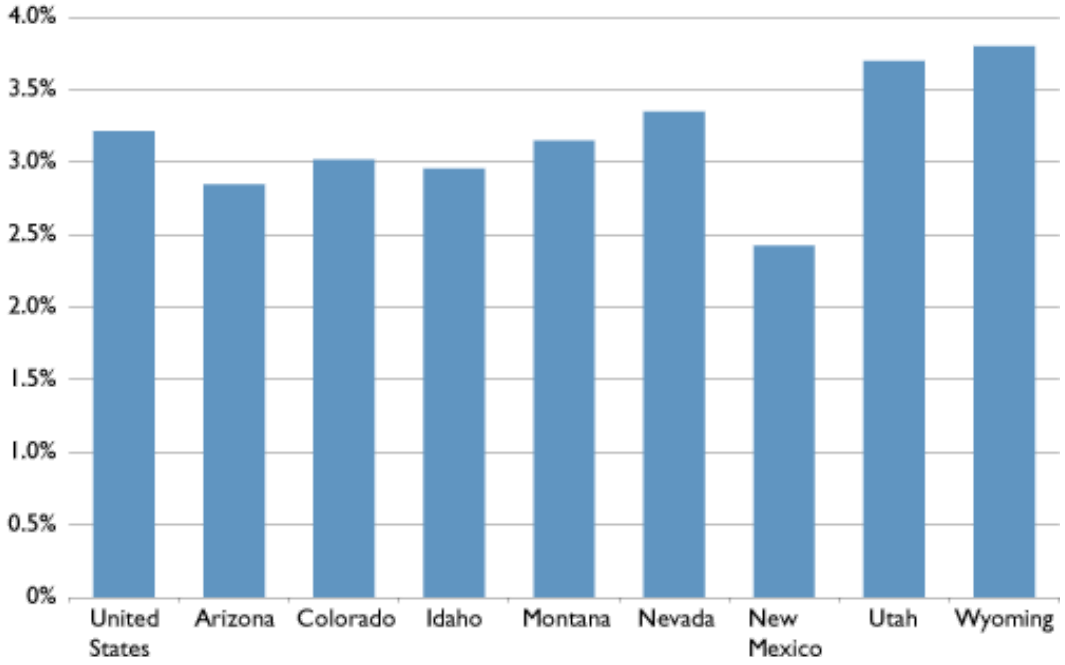


Sources: Federal Highway Administration, Census, Utah Department of Transportation (UDOT)

UDOT estimates that there is currently 100,000 hours of delay each day along the Wasatch Front. With the current rate of increased capacity the amount of delay each day will grow to 930,000 hours in 30 years. The increased traffic will have serious implications on individuals and businesses if congestion is not properly addressed. UDOT estimates that congestion already costs each traveler about $600 a year in lost time and wasted fuel.

Aside from personal implications, increased congestion will also have larger economic impacts. Utah is a regional motor freight and warehousing hub and Utah's economy is dependent on motor freight services, with over 2400 motor freight carriers in 1999. Figure 2 shows that compared to national and regional employment figures, Utah's economy employs a relatively high percentage of transportation workers. Time lost in congestion will result in lost productivity and decreased economic growth as delivery of freight and goods slows down, decreasing business profits.

Figure 2: Transportation Employment as a Percentage of Total Non-Farm Employment, 2003



Source: Bureau of Labor Statistics

Finally, increased traffic will result in faster deterioration of roads, bridges, and highways, which will require that more transportation funding be devoted to maintenance and repair rather than on increasing capacity. The Road Information Project (TRIP) analysis of Federal Highway Administration (FHWA) data in 2001 rated 26% of interstate highway pavement conditions as poor or mediocre, and 31% of Utah interstate bridges were considered structurally deficient and functionally obsolete.

Highway and Road Planning

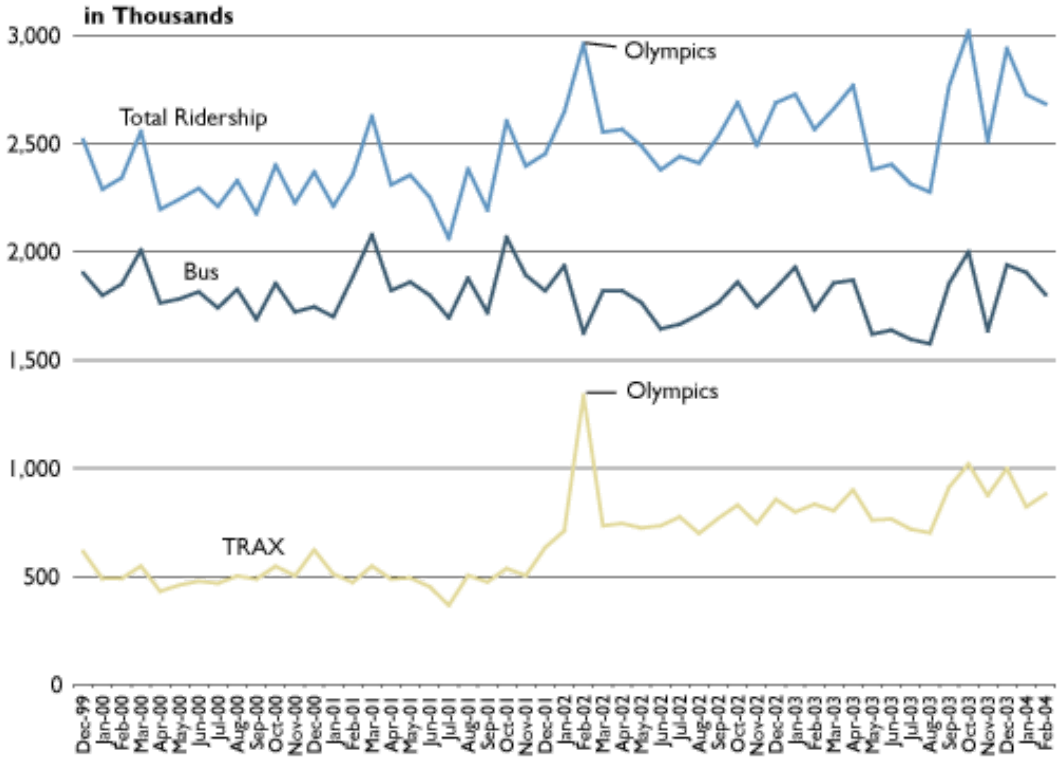
Despite major efforts made in recent years on highway and road improvement and expansion, much work remains to be done. According to UDOT, the major priority corridors for future highway and road projects that have recently been approved or currently undergoing environmental study are:

- Mountain View Corridor which runs on either side of 5600 West from Salt Lake City into northern Utah County. Transit projects such as light rail and Bus Rapid Transit are also being considered.
- I-15 from Salt Lake to Utah County
- I-15 from Salt Lake through Weber County
- US-6 Corridor Green River to Spanish Fork
- Legacy Highway
- St. George Boulevard in Washington County
- SR-36 out to Tooele.

Transit Planning

The Utah Transit Authority (UTA), the City of Logan/Logan Transit District and Park City/Park City Transit are the primary providers of public transit in Utah. In 2003, UTA's system alone transported over 31 million passengers and the ridership is growing (Figure 3). The most immediate transit project is the commuter rail line from Salt Lake City to Pleasant View (seven miles north of Ogden), which is slated for preliminary construction in the fall of 2004 and to begin operations in late 2007. In January 2004 the project was one of only seventeen projects out of several hundred to receive a "recommended" rating from the Federal Transit Authority's New Start process.

Figure 3: UTA Ridership Growth



Source: Utah Transit Authority

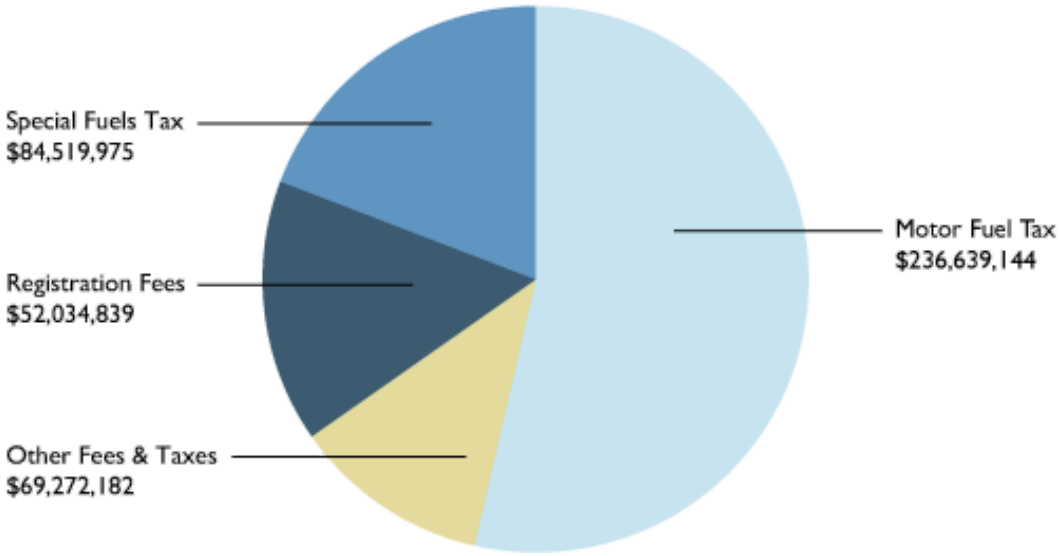
The updated Wasatch Front Regional Council future plan calls for TRAX spurs to be extended to the airport, West Jordan, West Valley, Draper and possibly Sugarhouse by 2012. Other transit projects are also undergoing evaluation.

Funding Dilemma

Despite the detailed planning and study for future transportation projects, Utah faces a challenge in financing its current and future transportation projects. In recent years, funding for transportation has not kept pace with the growing demand on Utah's transportation infrastructure. Current state budget shortfalls, slow fuel tax growth, reduced federal funding and increasing transportation needs have created a funding gap for transportation projects. Continued funding constraints will either delay or eliminate highway and transit projects.

Most state funding for transportation in Utah comes from the state Transportation Fund (Figure 4) and the Centennial Highway Fund. The Transportation Fund is the largest fund and pays for the maintenance and building of highways and local roads. The Centennial Highway Fund is an 11-year allocation of state and federal money that funds major highway projects not funded by the Transportation Fund and specifically for use in transportation expansion projects. Forty-three specific projects were identified to receive portions of this funding, the most prominent being the I-15 reconstruction in Salt Lake County. The funds for the Centennial Highway Program were originally allocated for projects starting in 1997 and ending in 2007.

Figure 4: Transportation Fund Revenue Sources, 2003

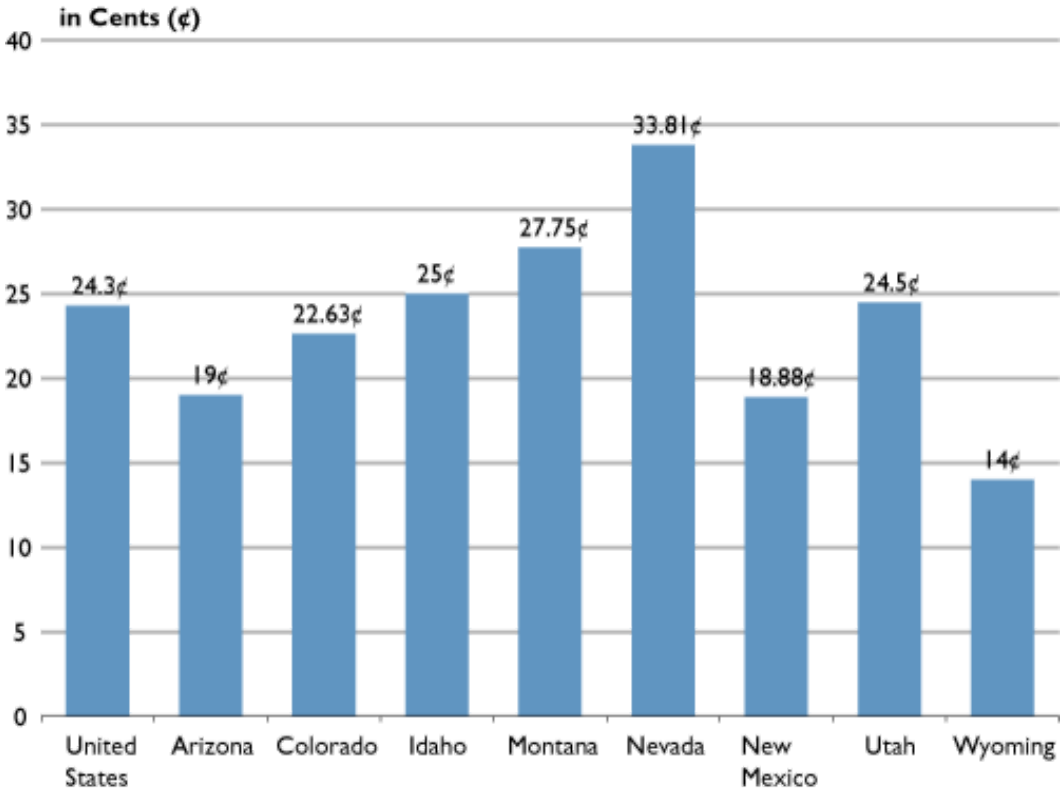


Source: Utah State Tax Commission

Fuel Tax

Utah levies a flat tax rate on gasoline of 24.5 cents per gallon. Utah's motor fuel tax rate is about the same as the national average of 24.3 cents per gallon. Figure 5 compares Utah's combined state and local fuel tax rates with other regional states. Fuel taxes are the primary source for transportation funding in Utah and in 2003 made up 73% of the Transportation Fund revenue and from 1997 to 2003 made up 12% of the Centennial Highway Fund.

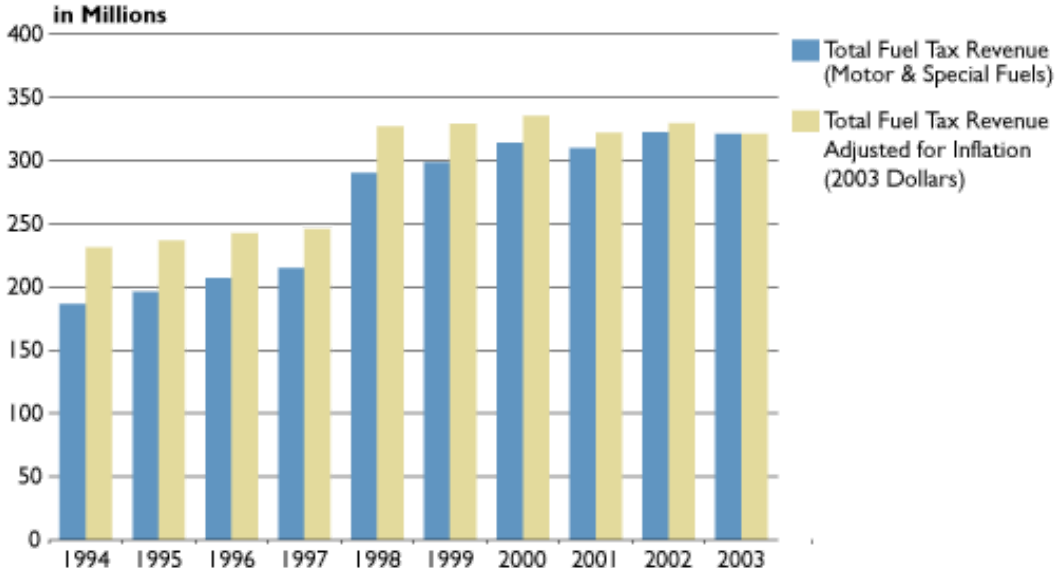
Figure 5: Comparison of Regional State & Local Fuel Taxes, 2003



Source: Commerce Clearing House

Unlike sales tax revenue, fuel tax revenue does not keep pace with the growth in the economy because the revenue is dependent on gallons of fuel consumed and not on a percentage of the sale price such as sales tax, which accounts for a growing economy and inflation. Inflation only erodes the purchasing power of fuel tax revenue, and Figure 6 shows that without periodic increases fuel tax revenues stagnate when adjusted for inflation. Also despite the rapid increase in vehicle miles traveled (VMT), increased fuel efficiency has offset much of the gains that might be had in translating the increased VMTs into fuel gallons purchased.

Figure 6: Total Fuel Tax (Motor & Special Fuels) Revenue Growth, FY 2003



Source: Utah State Tax Commission

Due to the relatively slow growth of fuel tax revenue, fuel taxes have been periodically raised. Between 1978 and 1987 the fuel tax rate was raised four times, but since has been adjusted only once, in 1997, which raised the tax from 19 cents to the current 24.5 cents per gallon. Despite the periodic increases to the fuel tax, the Office of Legislative Research states that the percent of personal income that Utah taxpayers pay in fuel taxes has decreased 39% between 1972 and 2001.

State Budget
Roughly a quarter of the Centennial Highway Fund is appropriated by the Utah State Legislature from the General Fund, which receives its revenues from sales taxes. However, General Fund revenues to the Centennial Highway Fund have been reduced due to tightening state budgets.

Federal Funding
In 1998 Congress enacted TEA-21, which was a six year act to provide $218 billion in highway and transit funding apportionment through 2003. The bill included provisions for special local transit projects or New Starts capital projects such as TRAX. A re-authorization of TEA-21 for another six years is currently being considered by Congress with the dollar amount being debated between $275 and $318 billion.

In addition to possibly tighter federal spending, the competition for New Starts capital projects, especially light rail, has significantly increased since UTA received funding for the initial North/South TRAX line. The success of TRAX in Salt Lake County has prompted many other metropolitan areas throughout the country to begin or consider light rail projects. When planners sought funding for the initial North/South TRAX line, the project competed against 36 other transit projects in the nation. But in 2003, the Commuter Rail project competed with over 300 transit projects. The Commuter Rail project was the only project to advance to the Preliminary Engineering stage in 2003 out of the 300 projects. The increased competition has reduced the federal funding share that UTA expects for the project to 50%.
