

August 10, 2015

## Boston Fed Issues Surface Transportation Funding Report

Dear Transportation Committee Member:

The Federal Reserve Bank of Boston earlier today announced the release of a new policy report, [State Highway Funding in New England: The Road to Greater Fiscal Stability](#).

The report highlights a point that all in New England know: our region's and our nation's roads and bridges are in desperate need of repair. The authors state further that in the six states it is generally agreed that "revenue sources currently used to fund highways are inadequate." It is noted that to address this concern, states will need to consider "a combination of cost saving measures and additional revenues" however the revenues will need to "keep pace with the services they intend to fund."

The Fed's report compares the current state gas taxes in each New England state, and looks at alternative gas tax structures, specifically, those indexed to inflation and/or fuel efficiency, and those tied to the price of gasoline. The authors stipulate that their "primary objective" is not to pick and choose which alternative is the best, or even if gas tax increases are the best idea. Rather, they are seeking a way "to assess how well these alternatives could improve upon the fiscal sustainability of existing gas tax structures." The authors of the Fed's report also suggest policymakers look at "other revenue-raising mechanisms, such as tolling, fees, or general taxes" as a means to "improve the overall fiscal sustainability of highway funding."

A copy of the Federal Reserve's report can be found by [CLICKING HERE](#).

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