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## States' Financial Issues Continue to Take Toll on Transportation Infrastructure

A report released this month by the State Budget Crisis Task Force emphasizes the numerous budget problems states are facing, naming the underinvestment in transportation infrastructure as a major problematic result of these financial issues.

While the report focuses on the overall budget problem that states are facing, the lack of funding resources in transportation infrastructure serves as a major cause for concern in the report.

"The status of the nation's physical infrastructure may be characterized as anywhere from discouraging to alarming, based on surveys of infrastructure conditions and needs," the report states. "While federal spending for transportation is significant, more than half the capital funding for such purposes comes from other levels of government. They often rely on dedicated revenues, including state gas and diesel taxes, but these revenues are in decline."

States are in a tough spot, the report says, because they don't have the money they need to revitalize their transportation systems. And, the less existing infrastructure is maintained, the more it costs to keep in a safe condition. However, the funding to do so is often simply not there.

Since it is unlikely the state budget crisis will be solved in the immediate future, the report says there is only one way to bring in the necessary funding to keep transportation infrastructure afloat until states are in a better financial position.

"Unless the federal and state governments are willing to raise gas taxes or find alternative sources to pay debt service on bonds, there will be insufficient revenue to meet the nation's transportation infrastructure needs," the report states.

According to its website, the State Budget Crisis Task Force was developed by former New York Lieutenant Gov. Richard Ravitch and former Federal Reserve Board Chair Paul Volcker due to their concern about the long-term financial sustainability of states. Ravitch and Volcker are examining specific threats to near and long term fiscal sustainability in six states: California, Illinois, New Jersey, New York, Texas, and Virginia.

The 112-page report is available at [bit.ly/statebudget](http://bit.ly/statebudget).

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