

Funding for the Fiscal Year 2012 Surface Transportation Program

Nebraska's Surface Transportation Program is financed by three major funding sources—state, federal, and local funds.

State Funds

Nebraska is a “pay-as-you-go” state using the traditional revenue sources to fund the needs of the State Highway System. State funds are derived from three primary highway user revenue sources: (1) fuel taxes, (2) sales taxes on new and used motor vehicles and trailers, and (3) motor vehicle registration fees.

Fuel taxes comprise about 67% of state revenues, sales taxes about 21%, registration fees about 9% and the remaining 3% are derived from various miscellaneous revenue sources.

The FY-2012 State Highway System program is based on state revenues of \$390 million. Approximately \$195 million is set aside for routine highway maintenance, administration, capital facilities, supportive services, carrier enforcement, transit, rail, and construction overhead. The remaining revenue is available for the state highway construction program.

Additionally, about \$8.2 million of Recreation Road, Grade Crossing, and State-aid Bridge funds are available for projects both on and off the State Highway System.

Federal Funds

Federal funds are derived from user revenues paid into the Federal Highway Trust Fund. These funds are returned to the states based on a reimbursement program, whereby the state utilizes its funds initially, then bills the federal government. The majority of these revenues, approximately 90%, come from the federal gasoline and diesel fuel taxes. Approximately 10% of federal revenues are

derived from heavy vehicle sales and use fees and heavy tire taxes.

Funding allocations have been historically determined based on dollars authorized by a multi-year transportation act. Then, each year Congress provides funding to the states through an annual appropriation process. The Federal Highway Administration distributes the funding by means of formula allocations as defined by law.

The multi-year transportation act, referred to as SAFETEA-LU, provided funding for federal fiscal years 2005 through 2009, but expired on September 30, 2009. Congress is faced with the following issues: (1) the passage of a new multi-year transportation act, or passage of continuing resolutions until a new act can be approved, (2) liquidity of the Federal Highway Trust Fund and (3) ultimately, where the revenue will come from to fund reauthorization legislation. Consequently, the FY-12 Surface Transportation Program is based on the assumption that federal highway funding will be sustained at the FY-09 level.

Federal-aid highway funding made available to Nebraska is shared between the state, cities, and counties. Approximately 70% of federal highway funds are used on the state highway system and about 30% are used on the local system for county roads and city streets.

Local Funds

Local funds are comprised of state highway user fees allocated by formula to the cities and counties from the State Highway Allocation Fund, approximately \$200 million. A portion of the local funds are used to match federal-aid funded projects on the Local System.

Fiscal Year 2012 Surface Transportation Program

Funding (millions)	
State Highway System	
State	\$119
Federal	222
Other	2
Total State Program	\$343
Local System	
Federal	\$ 80
Local Match	16
Recreation Road & State Aid Bridge	4
Total Local System	\$100
Grand Total	\$443

State Highway System:

The FY-2012 State Highway System construction program is \$333 million with 152 projects. Additionally, \$9.5 million for statewide planning and research are also programmed for a total of \$343 million.

Local System:

The local system program will include those projects selected by the cities and counties for FY-2012 as determined through the local planning and programming processes.

The local system program includes highway user fee revenues available from the federal Highway Trust Fund, local match from the State Highway Allocation Fund, State Recreation Road, and State Aid bridge funds for a total of \$100 million.