

STATE SUMMARY OF COUNTY TRANSPORTATION FUNDING AND FINANCE

OKLAHOMA COUNTIES

FUNDING SOURCES FOR COUNTY TRANSPORTATION PROJECTS

From State Funds:

- The County Highway Fund consists of a portion of the revenues from state taxes on gasoline and diesel fuels and a portion of state registration fees imposed on manufactured homes and other motor vehicles based upon factors that include the county's land area, county road mileage and county population. A county's apportionment is based on several formulas that use proportional shares of each factor as it relates to the total statewide county totals. Counties that have oil and natural gas production receive a portion of the 7 percent state tax on natural gas and oil. All revenues must be dedicated to the construction and maintenance of bridges and highways. In FY 2013 the total amount apportioned to counties was close to \$266 million.
- The County Improvements for Roads and Bridges (CIRB) funds represent funding from the state for county bridge replacement and road reconstruction. The CIRB funds are part of a 2012 five-year, \$900 million improvement plan for county roads and bridges that incorporates funding from federal, state, tribal and county sources. The plan includes the replacement of 557 county bridges and reconstruction of 999 miles of county roads. In FY 2013, CIRB funds provided \$99.3 million to counties.
- Counties use the County Bridge and Road Improvement (CBRI) funds for county built and contracted projects and maintenance of roads and bridges. The Tax Commission disburses the funding directly to counties. Sources of revenue are the state gasoline and diesel tax, special fuel tax and the state gross production tax on oil. Every county gets a small share of the 7 percent state tax on oil going into this fund regardless if there is any oil or natural gas production activity in the county. The portion of the state gasoline and diesel tax, special fuel tax and state gross production tax on oil and natural gas are allocated to all 77 Oklahoma counties by formula. In FY 2013, the total amount apportioned to counties was \$24.5 million.

From Federal Funds:

- The Oklahoma Department of Transportation (ODOT) provided \$26 million of Surface Transportation Program (STP) funds in federal FY 2013 for the County Highway System in Oklahoma, which includes:
 - \$6 million for roadway projects on the counties' functionally classified major/minor collector routes. Surface Transportation Program (STP) funding may provide up to 80 percent of the construction costs of these projects. Counties fund the remaining 20 percent match for construction costs, plus the costs for engineering, right of way and utility relocation through local sources or state CBRI and CIRB funds (see above an explanation of these funding sources).

Share of County Owned Road Miles Out of Public Roads Statewide	70%
Share of County Owned Bridges Out of Public Bridges Statewide	59%
Share of Structurally Deficient Bridges Out of County Owned Bridges	31%

COUNTY FINANCIAL AUTHORITY

	County Authority	Limitations
Levy Property Taxes	X	The total valuation of property tax levied in the county is limited. These revenues are not for transportation purposes.
Levy Personal Property Taxes		
Levy Local Option Sales Taxes	X	The rate may not exceed 2 percent.
Levy a Local Gas Tax		
Charge a Motor Vehicle License or Registration Fee		
Form Special Districts for Transportation	X	The Board of County Commissioners may establish rural road improvement districts in the unincorporated areas of the county.

- \$20 million for safety bridge inspections, replacement or repair of county bridges. Surface Transportation Program (STP) funding may provide up to 80 percent of the cost of these activities. Counties fund the remaining 20 percent match for construction costs, engineering, right of way and utility relocation with other local sources or state CBRI and CIRB funds. ODOT is currently funding the 20 percent match on regular safety bridge inspection costs and 100 percent of all the county fracture critical bridge inspection costs. The total inspection costs are approximately \$2.4 million per year.
- Oklahoma has 38 recognized tribal governments who receive federal funds and may generate their own local funds for transportation projects. Counties value the opportunities to partner with tribes on funding county road and bridge projects.

From County Funds:

- Counties have authority to impose a countywide sales tax for roads and bridges with revenues earmarked for roads and bridges. In 2012, 21 counties generated \$34 million for roads and bridges with this sales tax.

COUNTIES FACE THE FOLLOWING CHALLENGES IN FUNDING AND FINANCING TRANSPORTATION PROJECTS

- In the event of a disaster or severe weather, counties cannot use funding from the Federal Emergency Management Agency (FEMA) disaster funding to repair damage on the county major collector system.
- Revenues from state taxes on gasoline and diesel fuels do not generate enough revenues to keep pace with construction and maintenance costs or leveled off as vehicles become more efficient and alternative fuels are introduced.

NEW FUNDING AND FINANCING SOLUTIONS FOR COUNTIES

- The 2012 five-year, \$900 million improvement plan for county roads and bridges includes the use of more than 2,000 recycled bridge beams from the old I-40 expressway bridge for use on county bridge replacement projects. Since late 2012, more than 25 county bridge projects have used recycled beams and 13 more are under construction.
- HB1080 is a bill in the Oklahoma Legislature that would reallocate 5 percent of the state vehicle license and registration fees from the state's general revenue to use on the major collector roads for FY 2014 and FY 2015. This would result in \$30 million in new revenue to invest in county highways and bridges. This bill did not pass in 2013 but is still active for the Oklahoma Legislature to consider in 2014.
- The County Road Machinery and Equipment Revolving Fund allows counties to enter into lease agreements with ODOT for road machinery and equipment. The fund is administered by ODOT's County Advisory Board (CAB), which consists of nine county commissioners (one from each of the Association of County Commissioners of Oklahoma's districts, and one selected at large). Counties apply for funding for up to three pieces of equipment per year and are selected based on ODOT's county funding classification designation, giving the highest priority to counties receiving the least appropriations per mile of road. ODOT assesses a one-time 3 percent fee on all machinery and equipment purchased through the fund, replenishing the fund. The payoff period of the loan depends on how much is borrowed to buy equipment. ODOT made an initial, one-time appropriation of \$5 million in FY 1982 to fund the program. The program is funded at \$7 million in 2014.
- The Emergency and Transportation Revolving Fund provides counties flexibility in funding transportation projects by lending them money to start construction on projects for which money has been committed but not received. The fund is managed by the Oklahoma Cooperative Circuit Engineering Districts Board (OCCEDB), consisting of one county commissioner from each of the engineering districts. Counties may apply to their circuit engineering district to borrow any amount of money from the fund. The program does not charge interest, but counties must pay back the full amount of funding they receive within one year of the construction start date, or may extend for additional fiscal years. ODOT made a one-time appropriation of \$25 million to the fund in FY 2009, which is split between the eight circuit engineering districts based on the number of counties in each district.

BREAKDOWN OF COUNTY TRANSPORTATION FUNDING¹

County Share	8%
State Share	86%
Federal Share	6%

¹ This is an estimate based on information provided by the Oklahoma Cooperative Circuit Engineering District Board. State fiscal year 2013.