

## PROGRESS REPORT OF COMMITTEE ON HIGHWAY FINANCE

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The Committee on Highway Finance reports two research projects undertaken since the last annual meeting of this organization for the purpose of obtaining basic data upon which to evaluate present, and to determine future policies of financing highway costs

The "Cooperative Study of County and Township Highway Financing, Administration, and Survey of Physical Conditions of such Roads in North Carolina" is a joint research project between the State Highway Commission of North Carolina, The Tax Commission of North Carolina, and the Bureau of Public Roads <sup>1</sup>

The study of "State, County, Township and Municipal Taxes for Highways, and the Relationship between Road and General Property Taxes in the Various States" is a cooperative research project between the University of Wisconsin and the Bureau of Public Roads, Dr Henry R Trumbower in charge This project has for its principal objective the determination of the sources of highway income with particular and detailed attention to the impact of taxes for highway purposes upon property, rural and urban

The study is undertaken with the State as the unit and the first State selected for study is Wisconsin This State offers an outstanding opportunity to obtain full and accurate tax data as a result of State supervision and control exercised by the Wisconsin Tax Commission An outline of this project is included as a part of this progress report The first State study will be completed about July, 1931.

While these projects undertake to determine sources of highway income, they also examine in detail the administration of, and results secured through, the expenditure of this income Although the annual expenditure for highways for the Nation as a whole has been steadily increasing, it must be remembered that this, in itself, is not important to the individual or to the community. Some whole States might be dropped out without affecting the totals materially. Neither will the increasing of income incompetently administered secure other than disastrous results

Two trends are at the moment attracting general attention. The first is a demand for better secondary roads. The report of North Carolina

<sup>1</sup> A report of this project was published in the February 1931 issue of Public Roads

goes far to point out the reasons why no faster progress is being made in the improvement of secondary roads, and the principles that must be made effective is within any possible expenditures, adequate secondary roads are to be secured

The second is the use of the sales tax on gasoline for purposes wholly unrelated to highway transportation and its abuse by excessive rates. When this tax reaches a rate, as it does in a number of States, which about equals the price of the commodity itself at the refineries, it seems time to call a halt.

The Wisconsin project will give the facts as to the relative impact upon classes of property and other sources of revenue, to the end that an equitable division of highway costs will be possible. In a fair division lies the sound method of providing the income for a continuous and adequate long-time program of highway improvement.

TENTATIVE OUTLINE FOR COOPERATIVE STUDIES OF STATE, COUNTY, TOWNSHIP, AND MUNICIPAL EXPENDITURES AND INCOME FOR HIGHWAY PURPOSES AND OF THE RELATIONSHIP BETWEEN ROAD AND GENERAL PROPERTY TAXES IN THE VARIOUS STATES

(By The U S Bureau of Public Roads and the University of Wisconsin)

*Introduction*

This investigation and study of highway expenditures and the final burden which they entail is being made in accordance with the provisions of a cooperative agreement entered into for that purpose by the Bureau of Public Roads of the United States Department of Agriculture and the University of Wisconsin. The general purpose is to ascertain the amount of taxes and public contributions for the several states and their respective municipalities, with especial reference to highway taxes and their incidence and the expenditures by units of government. The relationship of highway expenditures to all kinds of taxes in each class of governmental unit is also to be determined.

The situation in Wisconsin where highway and tax records for all units of government are very complete will be investigated first. An effort will be made to segregate taxes for highway purposes and highway expenditures on a two-fold basis, by units of government and by primary, secondary and local highways and streets.

The year selected for the Wisconsin study is the calendar year 1930. The data relating to the 1930 collection of taxes are complete and available for all units of government, except the motor vehicle license fees and the motor fuel taxes, the collection of which will be complete on December 31 and the amounts thereof available immediately thereafter. The state, county and city expenditure data for 1930 will be available.

immediately at the close of the year. The highway and street expenditures for these three groups constitute about 85 per cent of the total expenditures for these purposes for the state as a whole. The expenditures for towns and villages (about 15 per cent of the total) for the calendar year are usually not reported until April 1, but they will be ascertained earlier. There is apparently no reason why the facts for this study can not be ascertained and completely assembled and analyzed and a report based thereon formulated prior to or by June 30, 1931.

There appear to be other valid reasons for using data covering the calendar year 1930. The facts and data disclosed in this study can be readily related to and compared with U. S. Census figures for 1930, thus obviating the necessity of making assumptions or estimates as to population figures. Furthermore, as this investigation proceeds, 1930 figures will be available in the other states to be studied so that the 1930 data may be regarded as basic for purposes of comparison.

Interviews and negotiations with the Wisconsin Tax Commission and the Wisconsin Highway Commission have disclosed that all of these state officials are greatly interested in this study and will cooperate and assist in the collection and preparation of the necessary data and information to the fullest possible extent, by making the official records and files readily accessible for inspection and tabulation and by placing the knowledge and experience of the members of their respective organizations at the disposal of the survey. The Highway Commission has offered to assemble and tabulate the facts as to mileage and classes and types of roads and is ready to place members of its staff at the study's disposal to make certain special inquiries. Members of the Department of Economics of the University of Wisconsin and of the University's Agricultural College who have specialized knowledge of the State's tax problems are ready and willing to assist through consultations and otherwise in making this study disclose the true situation with reference to the final incidence of highway costs and expenditures.

#### *Tentative outline of the Survey*

The following data and information will be ascertained and tabulated so as to disclose their significance:

- 1 Land areas comprised in each of the classes of units of government, and in the state parks
- 2 The 1930 population data for each of the classes of units of government
- 3 The 1930 valuation figures for all classes of property declared for taxation purposes for each of the classes of units of government, also the true or market values. These are identical in the Wisconsin tax system.

- 4 Taxes collected in 1930 for all purposes by units of government, the ratio which each tax imposed for a definite purpose bears to the total taxes levied and collected in each class of units of government
  - 5 Total amount of motor vehicle license fees and motor vehicle fuel taxes collected in 1930, through a sampling and questionnaire method a reasonably accurate estimate of the proportionate amounts of the above named fees and taxes paid by residents of each of the several classes of units of government can be made
  - 6 Road mileage, by classes of highway and types of road, lying in each of the classes of units of government
  - 7 Expenditures for construction and maintenance of highways in 1930 by the units of government and by the Federal Government showing the places where it was spent with reference to classes of highways and also with reference to classes of units of government
  - 8 The tax rate on property and the per capita rate in each of the classes of units of government which would have resulted if all highway expenditures in these governmental units had been imposed as a tax on property in each unit of a per capita tax. a comparison of these total highway expenditures with (1) the highway mileage as a unit of comparison, (2) the number of motor vehicles licensed, and (3) the land area in square miles
  - 9 Motor vehicle mileage produced on each of the three classes of highways (state, county, local systems) by residents of each of the several classes of units of government
- Note* This is one of the most difficult parts of the whole study. It is hoped that such an estimate can be obtained through the questionnaire method and that it will be possible to draw reasonably accurate conclusions as to the origin and extent of state traffic on the three classes of highways and in which of the classes of units of government it occurs
- 10 A complete census or survey in a number of towns (rural units of government) to determine the actual total traffic originating in these towns and the proportions of this traffic using each of the three classes of highways in each of the classes of units of government
  - 11 Estimated use of Wisconsin highways by motor vehicles licensed in other states, estimated consumption of gasoline and estimated gasoline taxes paid by out-of-state motorists
  - 12 Any other information which may seem germane to the study and which is readily available as the data are being collected and assembled

*Concluding comments*

This study of highway finance conditions in Wisconsin according to the foregoing outline will probably cover ground not possible to cover in many of the other states without doing a large amount of field work involving expenditures of large sums of money. A state-wide study and survey of Wisconsin conditions should disclose information of great general value. Even if certain facts ascertained in Wisconsin can not be duplicated later on in certain other states, the Wisconsin facts will, nevertheless, represent a definite value for students of highway expenditures and taxation and of highway traffic conditions.