

SURFACE is a publication of TRUST dedicated to bringing news about the financing of Oklahoma's transportation infrastructure to community, business and policy leaders around the state. This biannual publication has a central focus of:

- Federal and state funding
- Regulatory news from state Capitol and Congress
- TRUST events and news
- Innovative topics on transportation funding

SURFACE

SPRING 2018

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TRANSPORTATION DAY AT THE CAPITOL DRAWS CAPACITY CROWD

TRUST TRANSPORTATION DAY AT THE CAPITOL WAS HELD MARCH 7TH WITH OVER 150 TRUST MEMBERS AND TRANSPORTATION ADVOCATES IN ATTENDANCE.

With the legislative session just one month old, an enthusiastic group gathered for the annual legislative luncheon attended by a large contingent of lawmakers as well as Lt. Governor Todd Lamb. Following lunch, guests retreated to the Blue Room to hear from Senate Transportation Committee Chairman Darcy Jech, House Transportation Committee Chairman Steve Vaughan, Senate Transportation Subcommittee Chairman Stephanie Bice, House Transportation Subcommittee Chairman Dustin Roberts, House Appropriations Committee Chairman Kevin Wallace, House Majority Leader Mike Sanders, ODOT Director and Secretary of Transportation Mike Patterson, OTA Director Tim Gatz and Oklahoma County Commissioner Ray Vaughn. A "transportation chat" followed with Governor Mary Fallin, and hosted by former ODOT/OTA Director and Secretary of Transportation Gary Ridley. The discussion highlighted the steady

progress made during the Fallin administration to rehabilitate Oklahoma's bridges and highways on both the state and county transportation systems. Governor Fallin emphasized that while much progress has been made, additional work must continue in order to complete her major initiatives, including reducing the number of structurally-

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Governor Mary Fallin visits with OTA Director Tim Gatz, ODOT Director and Secretary of Transportation Mike Patterson, ACCO Director Gene Wallace and former ODOT and OTA Director and Secretary of Transportation Gary Ridley during TRUST Transportation Day at the Capitol.

2018 Oklahoma Legislative Agenda

MOTOR VEHICLE FEES REDIRECTED TO TRANSPORTATION. A core TRUST principle is all transportation-derived revenues are used strictly for transportation. TRUST supports returning all motor fuel taxes and the remaining allocation of vehicle-related fees to transportation purposes, and encourages the appropriate allocation of motor vehicle fees to state highways, county roads and municipal streets taking into consideration previous vehicle-related fees and general fund allocations. TRUST will continue to support this concept as a matter of sound public policy.

PROTECT ODOT EIGHT-YEAR HIGHWAY AND BRIDGE CONSTRUCTION WORK PLAN. TRUST's top priority is ensuring funding remains at a level where no current projects are interrupted, no planned projects cut and no motor fuel taxes and vehicle-related transportation fees diverted from ODOT's investment strategy which includes the eight-year construction work plan, Asset Preservation Plan and highway maintenance. TRUST opposes the sweeping of funds from ODOT's general budget and/or the eight-year plan to aid budget deficits.

SUPPORT THE CONTINUATION OF THE FULL STATUTORY ALLOCATION TO THE ROADS FUND. In an effort to continue the replacement and rehabilitation of state highways and bridges, TRUST supports the continuation of statutory allocations to a core business function of the state.

INFRASTRUCTURE BOND FINANCING. During uncertain budget times TRUST supports infrastructure bond financing to maintain critical transportation funding and projects, and vehemently opposes the diversion of motor fuel taxes and vehicle-related transportation fees to non-transportation uses of state government.

PROTECT COUNTY IMPROVEMENTS FOR ROADS & BRIDGES (CIRB) FIVE-YEAR CONSTRUCTION WORK PLAN. To rehabilitate county bridges and roads, TRUST supports the CIRB program and its revolving fund to be used strictly for CIRB transportation proj-

ects equaling no interruption of current projects, no elimination of planned projects and no diversion of transportation funds to aid budget deficits.

SUPPORT A SIX-CENTS PER GALLON GASOLINE AND DIESEL EXCISE TAX INCREASE. TRUST supports a modest excise tax increase with 100% of revenues generated from the increase "locked boxed" and dedicated to the ODOT Highway Maintenance Fund to continue rehabilitation and modernization of Oklahoma highways and bridges with no diversion to non-transportation areas of state government.

PROTECT TRANSPORTATION-DEDICATED REVOLVING FUNDS. TRUST supports the protection of transportation dedicated revolving funds. The funds are intended to fund transportation infrastructure projects and should not be diverted for other governmental purposes.

HAVING A MODERN INFRASTRUCTURE SYSTEM GROWS AN ECONOMY WHILE PROVIDING A SAFE TRANSPORTATION NETWORK TO MOVE PRODUCT TO MARKET. DESPITE RECENT BUDGET CHALLENGES, TRANSPORTATION INVESTMENT SHOULD ALWAYS BE AMONG THE VERY TOP PRIORITIES OF THE LEGISLATIVE AND EXECUTIVE BRANCHES AS OKLAHOMA'S ECONOMY RELIES ON A FIRST-CLASS HIGHWAY INFRASTRUCTURE SYSTEM.

FRANK KEATING,
TRUST CO-CHAIRMAN and former governor

RENOVATIONS OF PORT OF ENTRIES - WEIGH STATIONS. TRUST supports methods to complete the construction of Oklahoma's new ports of entries in order to protect highways and bridges from overweight freight. Doing so will result in additional revenues from fines and fees due to increased monitoring of overweight commercial traffic. TRUST also supports returning the one-cent transportation user fee from the Petroleum Storage Tank Indemnity Fund to transportation needs to service the bond debt. This allows for no revenue impact or increased taxes while utilizing transportation fees to support transportation needs.

INNOVATIVE FUNDING FOR TRANSPORTATION. TRUST supports innovative and alternative transportation funding that is revenue adequate for the intended purpose and user equitable as part of a comprehensive approach to increase overall transportation funding. ■



House Majority Leader Rep. Mike Sanders and Rep. Ryan Martinez at TRUST Transportation Day at the Capitol.

SPECIAL ELECTIONS BRING MULTIPLE NEW MEMBERS TO LEGISLATURE

FOLLOWING THE ADDITION OF 44 NEW LEGISLATORS FOLLOWING THE 2016 GENERAL ELECTION,

the second regular session of the 56th Oklahoma Legislature contains nine new members due to an unusual amount of special elections occurring in 2017 and early 2018. When the legislature convened in 2017, Republicans held a 42-6 Senate majority and a 75-25 House majority with one House seat vacant. After nine special elections held from last May through March 6th, the GOP majorities for the 2018 legislative session stand at 39-8 in the Senate with one vacant seat (SD 30), and 72-28 in the House with one vacant seat (HD 61). All nine seats were previously held by Republicans with the GOP holding five seats and Democrats capturing four. The first special election contested in 2017 was HD 28 with Republican Rep. Zack Taylor emerging victorious. The next two special election winners were Democrat Rep. Karen Gaddis in HD 75 and Democrat Senator Michael Brooks in SD 44. Other special election winners were Democrat Rep. Jacob Rosecrants in HD 46, Republican Rep. Brad Boles in HD 51, Republican Rep. Ross Ford in HD 76, Republican Senator Casey Murdock in SD 27, Democrat Senator Allison Ikley-Freeman in SD 37 and Republican Senator Paul Rosino in SD 45. Senator Murdock previously held HD 61 for which the primary and general election will be held during the regular 2018 election calendar, as will SD 30 which was resigned by former Senator David Holt who was elected mayor of Oklahoma City on February 13th. ■



ACCO's Chris Schroder, ODOT Director and Secretary of Transportation Mike Patterson and Lt. Governor Todd Lamb visit during TRUST Transportation Day at the Capitol.

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The traditional capacity crowd awaits for the Transportation Day program to begin in the state Capitol.

deficient state bridges to less than one percent by the end of the decade and the Driving Forward plan. The governor thanked TRUST and all transportation advocates for their steadfast emphasis to rebuild Oklahoma's transportation infrastructure. She also spoke of the need for the legislature to pass a modest excise tax increase on gasoline and diesel fuel. TRUST endorsed the proposal in 2017, and again prior to the beginning of the 2018 legislative session. TRUST thanks Governor Fallin for her continued advocacy on behalf of transportation funding, as a major component of her legacy will be defined by her insistence that transportation be treated as a core priority of state government.

Following the Blue Room event, attendees were encouraged to make office visits to their legislators and members of the Senate and House Transportation Committees. ■



Rep. Steve Vaughan, House Transportation Committee Chairman, was a speaker during TRUST Transportation Day at the Capitol.



Oklahoma County District 3 Commissioner Ray Vaughn made a presentation on county road projects during TRUST Transportation Day at the Capitol.

BUDGET DEFICIT DOMINATES 2017 LEGISLATIVE SESSIONS

THE FIRST SESSION OF THE 56TH OKLAHOMA LEGISLATURE BEGAN FEBRUARY 6, 2017 AND ADJOURNED SINE DIE MAY 26, 2017.

For the third consecutive fiscal year, a budget deficit (\$900 million) greeted lawmakers as they began the session under new leadership in both chambers; Senate President Pro Tempore Mike Schulz and Speaker of the House Charles McCall. After maneuvering through the largest budget deficit in state history (\$1.3 billion) during the 2016 session, the Legislature, complete with over 40 new members as a result of the 2016 general election, was faced from the onset with how to manage the deficit while maintaining core public services such as transportation. As expected, by the end of the four-month session most state agencies, including ODOT, endured funding reductions. At ODOT, \$100 million was swept from the ROADS fund and \$50 million from the CIRB fund and applied to the deficit. Lawmakers originally proposed upwards of \$250 million to be withdrawn, however when it became evident that a proposed six-cent per gallon increase in gasoline and diesel taxes was not going to be advanced, legislators scaled back the amount withdrawn from the ROADS and CIRB funds. The budget agreement between the Legislature and Governor Mary Fallin maintained the ROADS fund cap of \$575 million, and the existing \$59.7 off-the-top allocation. The Legislature also passed HB 2433 which enacts a 1.25% sales tax on the purchase of new vehicles to accompany the current 3.25% excise tax. Purchasers were previously exempt from paying sales tax on vehicles. The measure, which was challenged and upheld last summer before the Oklahoma Supreme Court as to its constitutionality, was referred to as a sales tax exemption in order for it to gain legislative approval without a supermajority vote. Revenue generated from the exemption will be applied to the general revenue fund. Another transportation-related bill that garnered attention was HB 1449 which imposes annual registration fees of \$100 on electric vehicles and \$30 on hybrid vehicles, with the generated funds applied to the State Highway Construction and Maintenance Fund. This measure was also challenged but ruled unconstitutional by the OSC. Since owners of these vehicles do not pay gas or diesel taxes, the measure was seen as a way to level the playing field so all Oklahoma vehicle owners pay some form of fuel or energy use taxes. During the session, TRUST actively opposed HB 2375 which would have enacted a mandatory biennial license tax registration on Oklahoma motorists, and diverted over \$60 million in vehicle license tag fees to a non-transportation fund. Thank you to all TRUST members who made your voices heard on this legislation which did not advance.

The ongoing ODOT eight-year highway and bridge construction plan continues to advance however; budget reductions have caused delays in some projects being added to the plan. The plan remains on schedule to reduce the amount of structurally-deficient bridges on the state highway system to less than 1% by the end of the decade. As of the end of 2017, less than 200 structurally-deficient bridges remain, down from a high of 1,168 in 2004. The steady progress has allowed ODOT officials to begin incorporating more statewide highway pavement and widening projects into the eight-year plan which currently runs through 2025.

A special legislative session began September 25th and was called by Governor Fallin to fill an approximate \$215 million hole in the FY-18 budget due to the Oklahoma Supreme Court's August ruling that a \$1.50 per pack cigarette cessation fee, passed by the Legislature last May, was unconstitutional. The revenue was dedicated to the Oklahoma Health Care Authority, the Oklahoma Department of Mental Health and Substance Abuse Services and the Oklahoma Department of Human Services. The special session adjourned November 17th as the legislature passed HB 1019x encompassing Rainy Day funds, one-time monies, revolving fund monies (including sweeping \$30 from CIRB fund), agency budget (including \$3.2 million for ODOT) and accelerated the gross production tax on "legacy wells" from 4% to 7%. Governor Fallin, however, vetoed the majority of the bill just hours after final passage but left temporary FY-18 funding for the three health-care related agencies in place. The governor then issued a call for the Legislature to return for a second special session for the sole purpose to appropriate additional FY-18 funding for OHCA and ODHS through April. The second special session convened December 18th and temporarily adjourned December 22nd although the session was held open so it could run concurrently with the regular session in order for lawmakers to complete FY-18 appropriations to the aforementioned health-related agencies. That process was concluded on February 27th upon Governor Fallin signing HB 1020xx which instituted a \$45 million budget cut to all agencies for the remaining four months of FY-18. A general appropriation bill, backed by the Step Up Oklahoma coalition, which included a six-cents per gallon excise tax on gasoline and diesel, failed to receive the required three-fourths majority in the House on February 12th. The legislature passed, and Governor Fallin signed, a general revenue bill, HB 1010xx in late March which among other items, raises the gasoline and diesel excise tax by three and six cents respectively, and allocates the revenue to the ROADS fund beginning in FY20. HB 1014xx especially hits home with TRUST as it reflects the full intent of our acronym by allocating all future motor vehicle fees presently being diverted to General Revenue to the ROADS fund. This important piece of the legislation, coupled also with its allocation of the new three-cent gasoline and six-cent diesel fuel excise tax to the ROADS fund, places the future of Oklahoma's transportation funding on much more solid footing. The annual ROADS fund cap will remain at \$575 million. Upon the 2018 regular session convening February 5th, the economic outlook for the FY-19 budget was in the 'growth' revenue category for the first time in years due to an improving economy and increased tax collections, however a \$167.8 million deficit was certified by the State Board of Equalization, meaning transportation funds could be targeted again to balance the FY-19 budget. For transportation to remain as a core priority at the state, county and municipal levels, TRUST, and all transportation proponents, must advocate constantly – as has been done since 2006 – for transportation-generated revenues to be used strictly for transportation purposes, and not diverted to other areas of government. The last three fiscal years have been challenging and the political environment at the state Capitol is extremely intense, however TRUST has been able to largely avoid the political trappings due to our members creating an environment that has valued transportation as a core priority of state government.

In Washington, D.C., Oklahoma is fortunate to have a congressional delegation that understands and supports rebuilding America's transportation network. Senator Jim Inhofe, ranking majority member of the Senate Environment & Public Works Committee, has been a longstanding and tireless advocate for rebuilding Oklahoma's highways and bridges. Senator James Lankford is also a strong transportation supporter as is Congressman Markwayne Mullin and the other members of Oklahoma's House delegation. Oklahoma is very fortunate to have these constant and reliable voices for transportation in Washington. ■

Why Join TRUST?

Be part of the voice for transportation advocacy that works with members of the state legislature to implement solutions. Without your membership to TRUST, we risk losing the valuable momentum we have gained over the past ten years. At the state Capitol, we must have a constant and growing voice for transportation and urge you to join us in this vital cause.

MISSION STATEMENT

TRUST, *Transportation Revenues Used Strictly for Transportation*, is an advocacy group dedicated to restoring Oklahoma's transportation infrastructure. We are committed to creating a culture within Oklahoma government that values and adequately funds transportation as a core priority.

Principles of TRUST

- Use all state transportation-related taxes and fees strictly for transportation
- Protect and grow dedicated funds for Oklahoma's transportation system
- Educate policy makers and the public on the importance of investing in highways and bridges
- Support leaders who are committed to transportation as a core priority of state government
- Use high-quality, lasting materials in building and maintaining highways and bridges
- Advocate efficiency and accountability within the state legislature and Oklahoma Department of Transportation

TRUST ON THE WEB

restoreTRUST.org

OKLAHOMA TRANSPORTATION NEWS



Our online news page is updated daily with local and national legislative and transportation articles. To receive articles as they are posted, select the orange RSS feed button located on the news page of the website.

FOLLOW TRUST ON TWITTER AND FACEBOOK



You can follow TRUST on Twitter and Facebook under the username "restoreTRUST". If you have not "liked" TRUST on Facebook, please do so today.

EVENTS ONLINE

TRUST provides the opportunity to register for upcoming events online. In addition to TRUST events, meetings for other transportation and member organizations are posted. To review the latest transportation happenings in Oklahoma, visit the events page at restoreTRUST.org. To have your organizations' activities posted contact TRUST membership director Helra Han at helrahan@gmail.com.

UPDATE YOUR MEMBER PROFILE ONLINE

In an ongoing effort to conserve operating funds, TRUST continually updates its mailing lists and contact database. If you wish to continue to receive TRUST mailings, emails and newsletters, or wish to add additional contacts within your organization, please visit restoreTRUST.org, click on the contribute page and select "update membership profile."

Be part of the voice for transportation advocacy that works with members of the state legislature to implement solutions. Without your membership to TRUST, we risk losing the valuable momentum we have gained over the past ten years. At the state Capitol, we must have a constant and growing voice for transportation and urge you to join us in this vital cause.

2018 Event & Member Programs

Thank you to all TRUST members who have renewed their membership for 2018. For members who have not renewed or prospective new members, our tiered membership levels offer multiple packages, branding opportunities and reduced admission to TRUST events. Members also have the flexibility to opt out of a membership package and sponsor or purchase admittance to individual events. New or renewed memberships can be registered online at restoreTRUST.org by clicking the contribute page or by contacting TRUST membership director Helra Han at helrahan@gmail.com.

MARCH 7, 2018: TRANSPORTATION DAY AT THE CAPITOL

Our annual Transportation Day at the Capitol was held March 7th beginning with lunch in the second-floor rotunda for TRUST members, transportation officials and legislators. Lt. Governor Todd Lamb was our special guest. The luncheon was followed by remarks in the Blue Room from legislative leaders, including each of the transportation legislative chairs and subcommittee chairs, and ODOT, OTA and county officials. The event also included a "transportation chat" with Governor Mary Fallin that was hosted by former ODOT/OTA Director and Secretary of Transportation Gary Ridley. TRUST members and guests also made office visits to their hometown legislators or transportation committee members. Transportation Day is an important annual event where transportation advocates join together to create a committed show of support for transportation funding and to emphasize our legislative agenda. Thank you to all TRUST members, sponsors and transportation advocates who attended this year's event.

SENATE/HOUSE TRANSPORTATION COMMITTEE DINNER/RECEPTION

TRUST hosts its annual Senate/House Transportation Committee Dinners and/or Reception each spring. The event (s) feature a reception for TRUST members and transportation industry advocates to interact with transportation committee members, and also remarks from state transportation officials and updates from legislative leaders on budget negotiations and transportation-related legislation.



Senator Darcy Jech, Senate Transportation Committee Chairman, speaks at TRUST Transportation Day at the Capitol.

SENATE/HOUSE TRANSPORTATION COMMITTEE DINNER/RECEPTION SPONSORSHIP - \$1,250

Includes logo placement at event (s) and admission for two (2) to dinner/reception. For TRUST members at the TRUSTee or Road Champion level, sponsorship and admission to event (s) are included. For TRUST members at the Advocate or Friend level, admission for one (1) to event (s) is included. Additional admissions are \$100.

TRANSPORTATION INNOVATION BANQUET

TRUST annually hosts the Transportation Innovation Banquet attended by TRUST members, legislators, federal, state and county elected officials, state and county transportation officials and transportation advocates who gather to discuss the current state of Oklahoma's and the nation's infrastructure. A keynote transportation discussion is provided by key transportation officials and the annual TRUST Guardian of Transportation Award is presented to a deserving Oklahoman. You do not want to miss this outstanding opportunity to hear from and visit with Oklahoma's political and transportation leaders.

TRANSPORTATION INNOVATION BANQUET TABLE HOST - \$1,250

Includes logo placement at event, admission to reception and dinner for eight (8). For TRUST members at TRUSTee and Road Champion levels, table host package is included. For TRUST members at the Advocate, Friend or Basic level, admission for one (1) is included. Additional admissions are \$175.

TRANSPORTATION FORUMS

TRUST hosts periodic transportation forums which allow TRUST members to interact with congressional, state, county and municipal elected officials regarding transportation issues at their respective level.

TRANSPORTATION FORUM SPONSORSHIP - \$1,000

Includes logo placement at forum and admission for two (2). For TRUST members at the TRUSTee, Road Champion, Advocate or Friend level, sponsorship and admission is included. Additional admissions are \$50. ■



TRUST board members Jim Duit, Jim Rodriguez and LaVern Phillips, along with TRUST president Neal McCaleb and former TRUST board member and House Speaker Chris Benge, pose with former ODOT/OTA director and Secretary of Transportation Gary Ridley at the OSU College of Engineering, Architecture and Technology 2017 Hall of Fame and Lohmann Medal ceremony where Ridley was presented the annual award.

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OKLAHOMA / ARKANSAS CHAPTER



Dues paid to TRUST, a project of Oklahomans for Safe Bridges and Roads, Inc. are not deductible as charitable contributions. However, 40% of dues paid may be claimed as business expense for federal income tax purposes for fiscal year 2018. Any dues paid used for lobbying efforts are not tax deductible.



The TRUST Coalition
Post Office Box 16112
Oklahoma City, OK 73113

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Please Plan to Attend our Upcoming TRUST

- Senate/House Transportation Committee Event - Spring 2018
Details Coming Soon!