DEDICATED STREET FUNDING FOR ECONOMICALLY COMPETITIVE CITIES

**PROBLEM:**
Existing funding mechanisms for city street maintenance and reconstruction are inadequate. The bulk of the 22,500-mile city street system is not eligible for Municipal State Aid (MSA), a dedicated fund set up through the state constitution. In cities under 5,000 (non-MSA cities) dedicated funding sources for large infrastructure projects are needed so that cities can plan ahead and budget effectively.

**BACKGROUND:**
City revenues and other funding tools are not keeping pace with needs for municipal street maintenance, construction, and reconstruction. Currently, nearly 84 percent of city streets are funded only with property taxes and special assessments. Special assessments can be onerous to property owners and are difficult to implement in some cities. Property taxes are generally not dedicated and are sometimes diverted to more pressing needs such as public safety, water quality, and cost participation in state and county highway projects. Just as the state has fallen behind in making transportation investments, some cities faced with budget challenges have made the difficult decision to hold off on scheduled street improvement projects, resulting in more expensive projects later. Preventative maintenance projects, such as seal coating and overlays, can prolong the lifecycle of streets to 50 to 60 years. Without ongoing maintenance, the average life expectancy of local streets is approximately 25 to 30 years.

**LEAGUE-SUPPORTED SOLUTION:**
- $10 surcharge on license tab fees
- $10 surcharge on motor vehicle title transfers
- Half of the funds raised (approx. $57 million annually) dedicated to the Small Cities Assistance Account established by the 2015 Legislature
- Half dedicated to a Larger City Streets & Bridges Account (to be established)

**DID YOU KNOW?**
For every $1 spent on maintenance, a road authority saves $7 in repairs. But this maintenance requires a reliable dedicated funding source other than the current volatile property tax system.

**FOR MORE INFORMATION:**
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