

Funding for the Fiscal Year 2006 Surface Transportation Program

State and Local Highways, Roads and Streets

State Highway Trust Fund	
Highway Cash/Related Funds	\$205,386,000
Highway Allocation Funds	176,896,000
Federal Funds	258,000,000
Local Funds	12,801,000
Total	\$653,083,000

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 [gasoline, gasohol, and diesel], (2) sales taxes on new and used motor vehicles, trailers, and semi-trailers, and (3) motor vehicle registration fees. Also, a variety of miscellaneous revenue sources account for a small portion of additional state revenues.

Fuel taxes comprise about 65% of state revenues, sales taxes generate about 22%, registration fees make up about 9% and the remaining 4% are derived from various miscellaneous revenue sources.

The FY-2006 State Highway System Program is based on a \$344,000,000 Highway Cash Fund (HCF) appropriation as established by the Nebraska Legislature. Approximately \$198 million of the total HCF appropriation is available for the state highway construction program. The remaining \$146 million is set aside for routine highway maintenance, administration, capital facilities, supportive services, carrier enforcement, transit, rail, and construction overhead. Also, about \$7.0 million of state 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 to the Federal Highway Trust Fund, and correspondingly, the return of those revenues to the states based on a reimbursement program, not through a grant process. The majority of these revenues come from the federal gasoline and diesel fuel taxes. Revenues are also derived from heavy vehicle sales and use fees and federal taxes on tires over 40 pounds in weight.

Funding allocations have been historically determined based on dollars authorized by a six-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 Transportation Equity Act for the 21st Century (TEA-21) expired on September 30, 2003. Congress has now passed a new five-year act, the Safe, Accountable, Flexible, Efficient Transportation Equity Act – A Legacy For Users, known as SAFETEA-LU. However, actual dollars to be received by each state is still unknown.

Congress has yet to pass an appropriation for FY-2006 and adjustments are still being made to the FY-2005 funding levels. Consequently, our FY-2006 Surface Transportation Program is based on the best funding assumptions we can make at this time. Adjustments to the FY-2006 program may be made at a later date when more complete financial information is available.

— Local Funds —

The local program is comprised of state highway user fees allocated by formula to the cities and counties from the State Highway Allocation Fund, approximately \$176 million. Also, about 28% of the total federal-aid highway funds are available for the local program, with the cities and counties matching the federal funds at 20%, resulting in total funding of nearly \$70 million. The Department of Roads administers all local projects that use federal-aid funds. Since local projects have not been selected at the time of this publication, individual projects are not listed in this publication, except for the Enhancement projects shown on page 60.