

## How Cars Help Fuel Municipal Budgets

News Staff | August 21, 2017

The 25 largest cities generated nearly \$5 billion from major vehicle-related revenue sources in FY 2016.

Parking fees and taxes:

 \$1.5 B

Parking citations:

 \$1.3 B

Gas taxes:

 \$697 M

Vehicle registration, licensing, ownership tax:

 \$677 M

Traffic citations/camera violations:

 \$593 M

Towing:

 \$81 M

States and the federal government have the income tax to help pay for things. They tax traded goods, business activity, investment earnings and more.

Cities have shallower pools of money to draw from. As a recent analysis from *Governing*\* magazine shows, one common place local governments look to find revenue is motor vehicles.

In fact, cities collected about \$5 billion in revenue related to vehicles in fiscal year 2016.

For some cities, vehicle-related money is just one of many ways to fund the budget. If vehicle revenues decline for some reason, it won't be too big an issue. But for many smaller municipalities, that money is a huge chunk of the budget, and any losses will hurt their ability to pay for things. *Governing* [found](#) that in some small towns, parking payments and legal fees related to vehicles alone made up more than half of the city's revenues.

Tech companies have found several ways to help local governments in this space. Many companies [focused on digital payments](#) provide tools for governments to accept

parking ticket payments and other fees online, leading to faster payments. Others have created smart parking meters and companion phone apps that allow people to [pay for parking more easily](#) or even create [dynamic pricing](#).

As important as those revenues are to cities, they might be in trouble in the future. That's because self-driving vehicles, which many companies are planning to roll out in the next [three or four years](#), [have the potential](#) to change the way people use vehicles. If people choose to hail rides from driverless cars, there will be no reasons for those cars to wait around when they drop the passenger off — so there will be no need to pay for parking. And if they drive more safely than humans, there will be no reason for police officers to issue tickets.

*\*Governing is a part of e.Republic, Government Technology's parent company.*

<http://www.govtech.com/biz/How-Cars-Help-Fuel-Municipal-Budgets.html>