

Self-Driving Cars: Assessing the Impact on the State's Local Leaders.

Morgan Stanley, in its new report “Autonomous Vehicles & Municipal Bonds,” opines that the impact on local budgets could be in excess of half a trillion dollars, when examining the impact on more efficient roadway use, dramatic reductions in parking garages and spaces (ergo much higher property tax development)—but offset in some part by fewer driving ticket fees and fare revenues, reduced car-based revenues (gas tax, license fees, new car sales tax revenues, etc.). Writing that transportation in the U.S. is the second highest average household expenditure, just behind housing at 14%—and that the average car is parked 95% of the time, Barclay’s has already estimated that the Average U.S. household will reduce its car ownership from today’s 2.1 vehicles to 1.2—certainly signaling that the fretting about adding lanes to interstate highways will hardly be a compelling investment for a state, county, or city. As we had found in our report on self-driving cars in Virginia, parking structures and spaces in cities and counties would change drastically: the report notes that today we have an estimated 1 billion parking spaces: enough for more than three per person; that real estate could be devoted to vastly different uses from open space (much less expensive storm run-off), or more valuable use—use that would be restored to city, school, and county property tax bases. One study suggests that a single self-driving car could replace up to 12 regular vehicles—likely changing not just the whole nature of car ownership—but also affecting some of the more than \$3 billion in dedicated tax-exempt, outstanding state and local parking revenue bonds. Such cars are already predicted by the NTSB to save “many, if not most, of the 33,000 lives lost to traffic fatalities every year on our streets and highways. The report notes that rather than building new highways, both the greater efficiency and the ability to fit triple the amount of traffic in existing lanes could sharply reduce current projected infrastructure costs.

The report opines that the impact on state and local general obligation bonds would be the most significant—in large part because it would radically alter commuting pressures and the requisite impact on assessed property values. For the nation’s counties and states, a major benefit would be via the \$18 billion annual health care costs from ER visits related to motor vehicle injuries—injuries which currently average 15% of hospitalized injuries—not to mention the costs to local emergency responders. Noting that today motor vehicles directly generate 5-10% of state and municipal revenues—there will be significant alterations in municipal, county, and state revenues to the tune of more than \$1.3 billion, from fuel taxes, license fees, parking fees, speeding tickets, personal property taxes, etc.

As the nation’s population ages and lives longer than any previous generation of Americans, the report notes that today 75% of seniors 65 or older live in car-dependent suburban or rural communities—where they often lack access to transit—but are no longer able to drive, leading some to write that the elderly and disabled will gain the most from autonomous or self-driving cars. For police departments, where currently approximately 42% of police contacts are initiated during a traffic stop—with DUI’s the second highest—self-driving cars would render DUI’s virtually obsolete—at a signal savings not just in reduced EMT and police costs to local and state governments, but, more importantly, in innocent lives saved. In 2010, DUI’s, at 1,412,220 arrests, made clear the human and dollar impact for local governments. For airports, the report notes that the nation’s airports currently generate 28% of their operating revenue from rental cars, parking, and ground transportation—suggesting that airport revenue bonds could be at particular risk of defaults—not to mention revenues currently received from so-called Customer Facility Charges.