

TENNESSEE'S INFRASTRUCTURE FUNDING CRISIS

\$58 Billion Transportation Backlog & the 'Pot for Potholes' Proposal

EXECUTIVE SUMMARY

Tennessee faces a documented ****\$58 billion**** backlog in critical road and bridge projects, according to the Tennessee Department of Transportation (TDOT). The state operates on a strict "pay-as-you-go" system with no long-term debt financing for transportation, making it difficult to address this growing need. In response, Democratic lawmakers have proposed the "Pot for Potholes Act," which would legalize and tax recreational marijuana and dedicate a significant portion of the revenue to the State Highway Fund. This creates a direct policy connection between cannabis regulation and infrastructure funding — an opportunity currently being lost under the current restrictive hemp policy framework.

THE \$58 BILLION TRANSPORTATION BACKLOG

In January 2026, TDOT Commissioner Will Reid testified before the House Transportation Committee that Tennessee has approximately ****\$58 billion**** in unfunded road and bridge needs across three major categories:

Category	Estimated Cost
Rural Interstate Widening	\$19.5 billion
Urban Congestion Relief	\$23.9 billion
Remaining IMPROVE Act Projects	\$14.6 billion
TOTAL	\$58 billion

This figure does not include the full statewide public infrastructure needs (estimated by the Tennessee Advisory Commission on Intergovernmental Relations at over **\$82 billion** when including schools, water systems, etc.). Tennessee's "pay-as-you-go" policy means these projects can only be funded through current revenue — creating significant pressure to identify new, sustainable funding sources.

THE 'POT FOR POTHoles' PROPOSAL

In the 2026 legislative session, Democratic lawmakers introduced the **"Pot for Potholes Act"** (SB 2440 / HB 2525), sponsored by Sen. Heidi Campbell and Rep. Aftyn Behn. The bill would:

- Legalize recreational marijuana for adults 21 and older
- Create a regulated commercial market (cultivation, processing, retail)
- Impose a **15% excise tax** on marijuana sales
- Direct **75% of the tax revenue** to the State Highway Fund for road and bridge repairs
- Allocate remaining revenue to counties and administrative costs

The bill failed to advance in committee during the 2026 session but has been publicly stated as a priority for reintroduction in 2027. Sponsors have explicitly linked the proposal to Tennessee's \$58 billion infrastructure backlog.

RELEVANCE TO TENNESSEE HEMP POLICY

Tennessee's current restrictive approach to hemp-derived cannabinoid products (Public Chapter 526) eliminates a potential source of state revenue at a time when the state faces a massive, documented infrastructure funding crisis. The \$58 billion transportation backlog and the "Pot for Potholes" proposal demonstrate that **regulated taxation of cannabinoid products** is being actively considered as a legitimate policy tool for infrastructure funding. A more balanced regulatory framework for hemp-derived products — one that allows legal THCA flower and other products under clear rules with appropriate taxation — could generate meaningful revenue for roads and bridges while supporting small businesses and maintaining consumer access.

PRIMARY SOURCES

1. \$58 Billion Backlog

- TDOT Commissioner Will Reid testimony, House Transportation Committee (January 20, 2026)
- The Tennessean: "TN's no-debt system can't cover \$58B in unfunded road projects, TDOT says" (Jan 22, 2026)
- NewsChannel 5: "Lawmakers explore funding options for Middle Tenn. road improvements" (Jan 20, 2026)

2. Pot for Potholes Act (SB 2440 / HB 2525)

- Tennessee General Assembly bill text and status (2026 session)
- Chattanooga Times Free Press / Tennessee Lookout: "Tennessee Democrats revive push on 'pot for potholes'" (July 1, 2026)
- The Tennessean: "Will 'Pot for Potholes' bill legalize marijuana in TN?" (March 20, 2026)

3. Broader Infrastructure Context

- Tennessee Advisory Commission on Intergovernmental Relations (TACIR): "Building Tennessee's Tomorrow" infrastructure needs report (2026)