

TRANSPORTATION REVENUE OPTIONS COMMISSION



JUNE 14, 2021

AGENDA

1. Meeting Objectives
2. Commission Chair's Opening Remarks
3. Schedule/Milestones Review
4. Review of Draft Final Report Outline
5. Work Groups' Revenue Projections
 - Compiled Results
 - Individual Work Groups' Results
 - Mileage-Based User Fees (MBUF)
 - Tolling Scenarios
 - Vehicle Registration Fees
 - Taxing Scenarios
 - Multimodal Revenue Sources
 - Transit Revenue Sources
 - Local Solutions
 - Toward Consensus
6. Briefing
 - Federal Funding Initiatives (Larry Shifflet, TROC Executive Director and PennDOT Deputy Secretary for Planning)
7. Meeting Summary and Public Comments
8. Commission Chair's Closing Remarks

MEETING OBJECTIVES

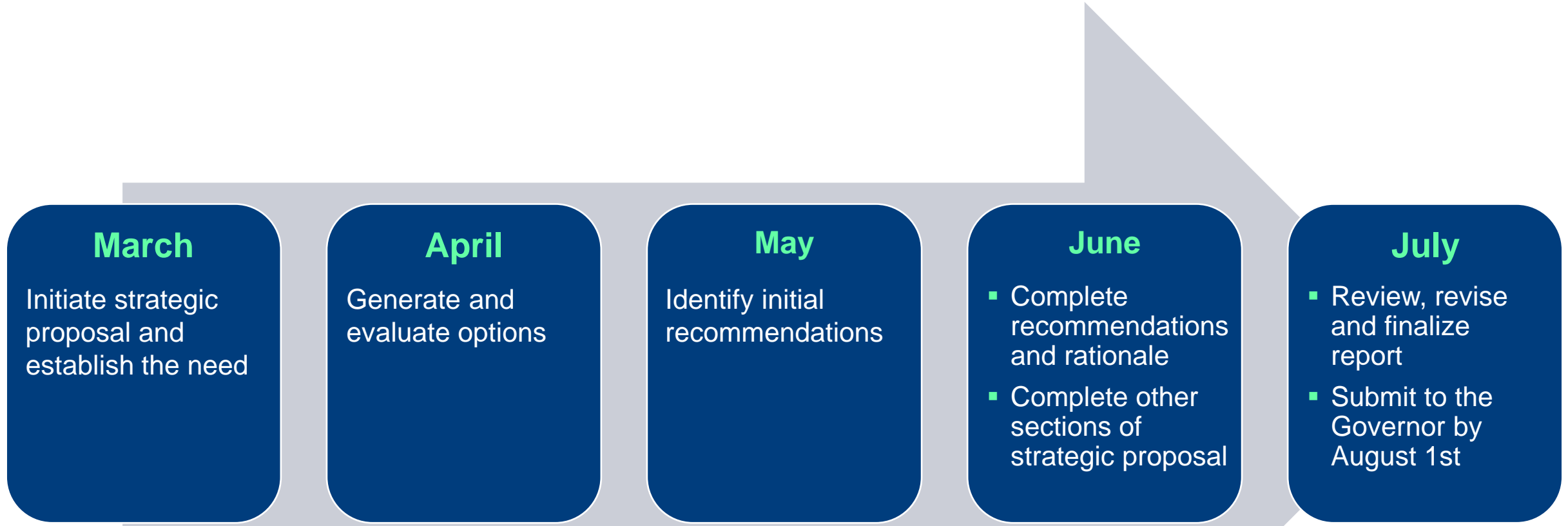
- To review Work Groups' evaluations of revenue opportunities.
- To review the TROC Final Report structure and contents.
- To review federal funding considerations.

COMMISSION CHAIR'S OPENING REMARKS



Secretary of Transportation,
Yassmin Gramian

SCHEDULE/MILESTONE REVIEW



Upcoming Meeting Dates: June 24, July 14 and July 28

REVIEW OF DRAFT FINAL REPORT OUTLINE

1. Introduction

- TROC purpose and methodology
- Scale and age of system
- PennDOT modernization
- Current funding challenges

2. Proposed Commonwealth Transportation Funding Strategy

- Guiding principles
- Long-term strategy
- Near- and mid-term solutions
- How the proposed approach compares to other states for varied sources

3. Modernizing Federal and Local Transportation Funding

- Federal
- Local

4. From Recommendations to Reality

5. Conclusion

- Call to action

Acknowledgments

- TROC member list and affiliations

TROC FINAL REPORT – GENERAL STORYLINE

1. Daily life and future prosperity are undergirded by PA's vast multimodal transportation system.

2. However, the system is aging, in need of substantial investment, and historical funding mechanisms are no longer adequate—particularly the Liquid Fuels tax.

3. PennDOT's advances in modernization, efficiency, and sensible legislation laid a solid foundation to address the still-widening funding gap.

4. Governor Wolf established the TROC to examine revenue options and propose a strategic, comprehensive Commonwealth transportation funding scenario.

5. The TROC represented a wide cross-section of Pennsylvania leaders; work groups evaluated all feasible revenue options.

6. The proposed funding scenario addresses defined needs across each mode while positioning Pennsylvania to leverage technology advances in mobility and funding models.

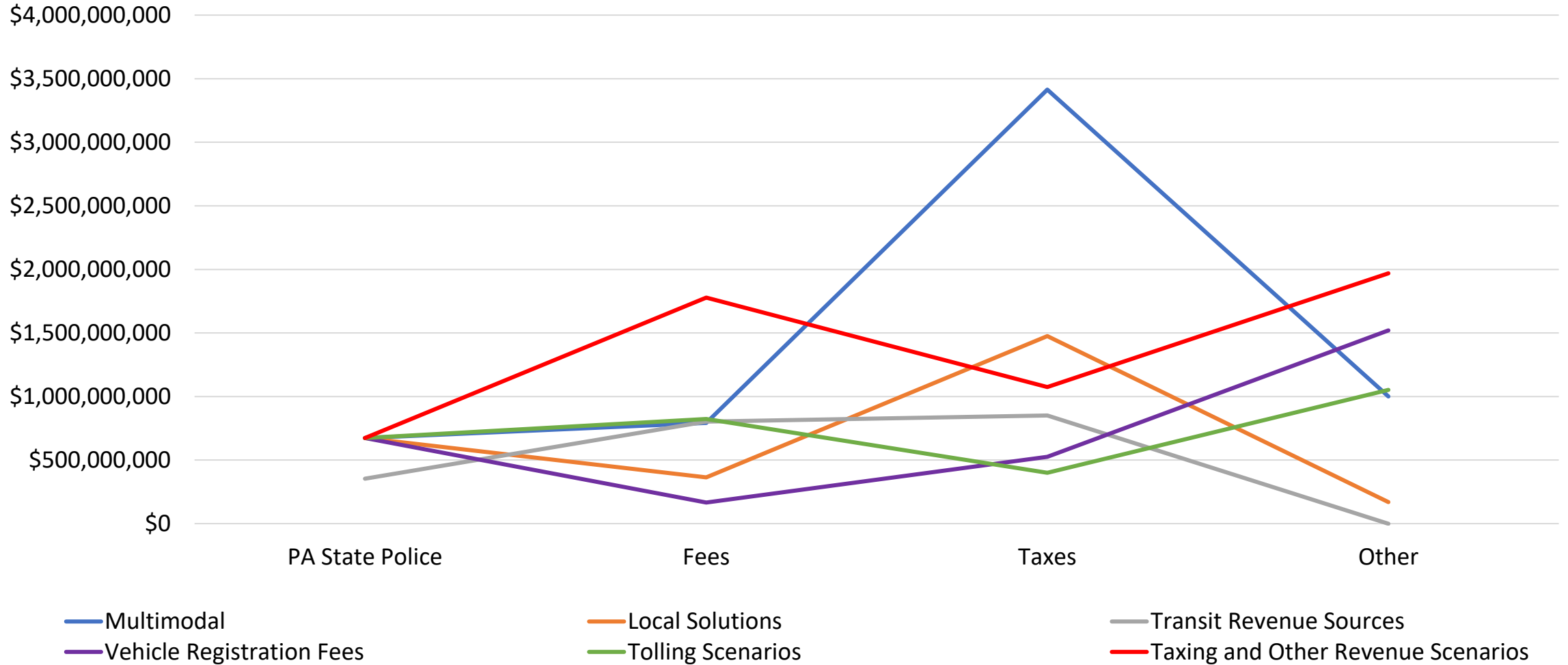
7. Next we as Pennsylvanians must commit to the necessary investments in our transportation system.

WORK GROUPS' REVENUE PROJECTIONS



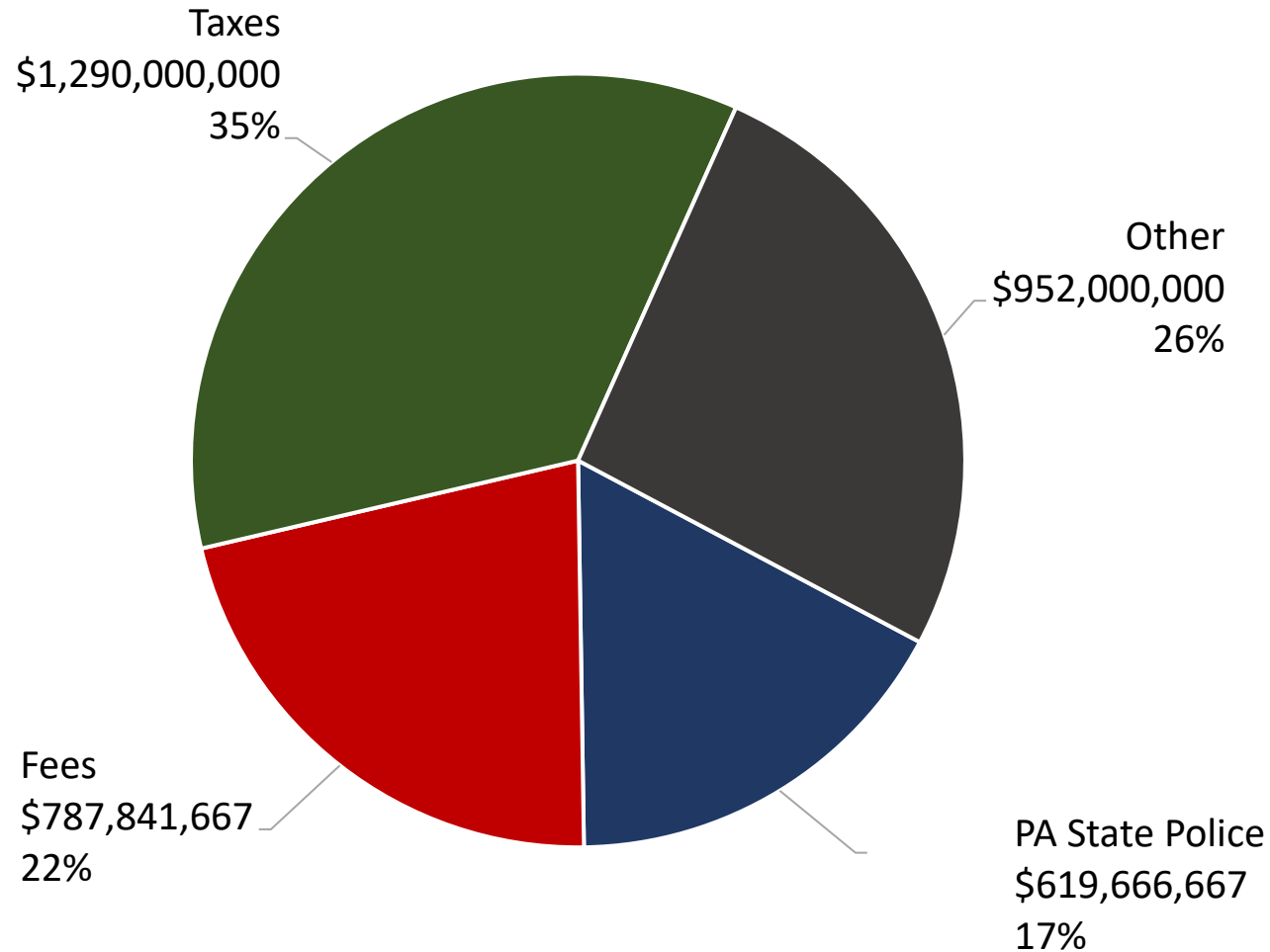
COMPILED RESULTS

Overall Annual Revenue Options

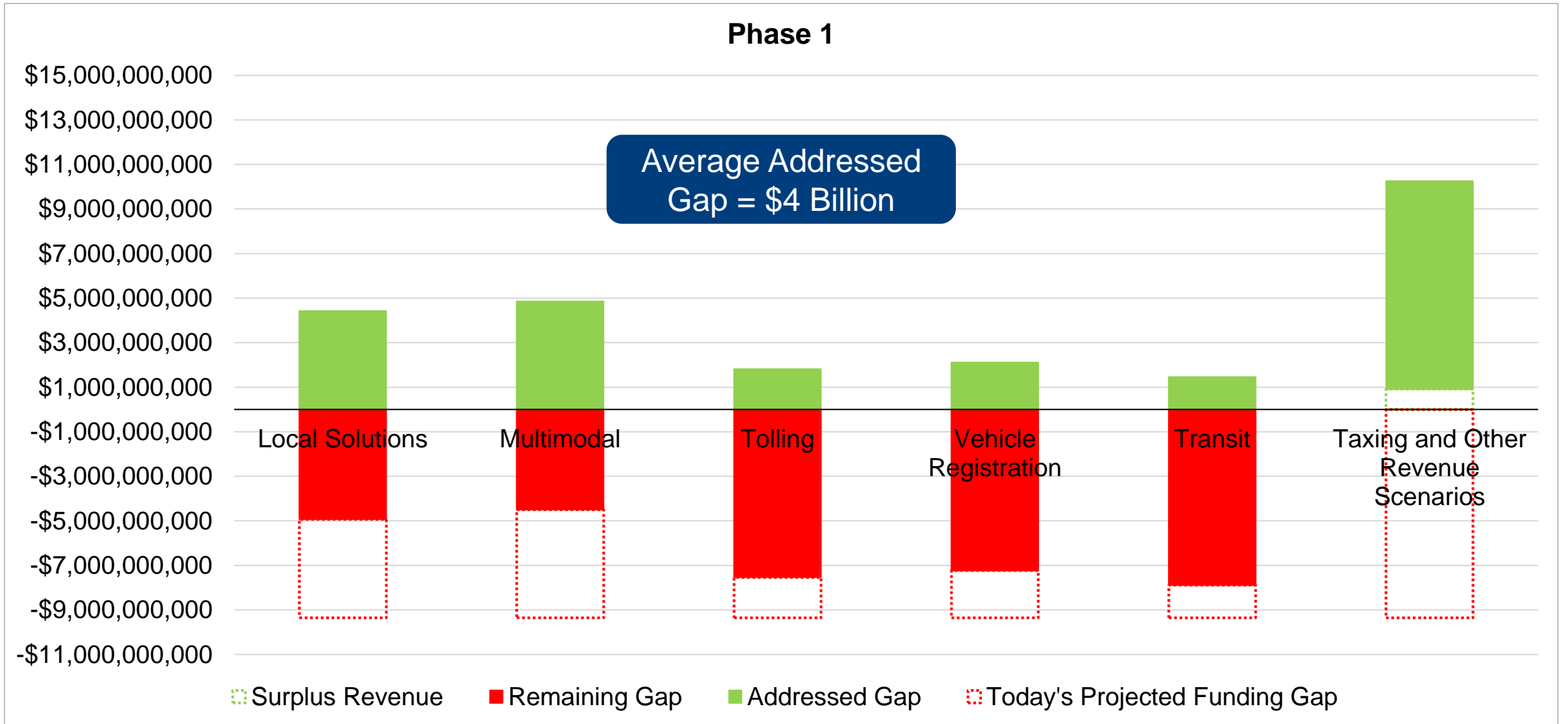


COMPILED RESULTS

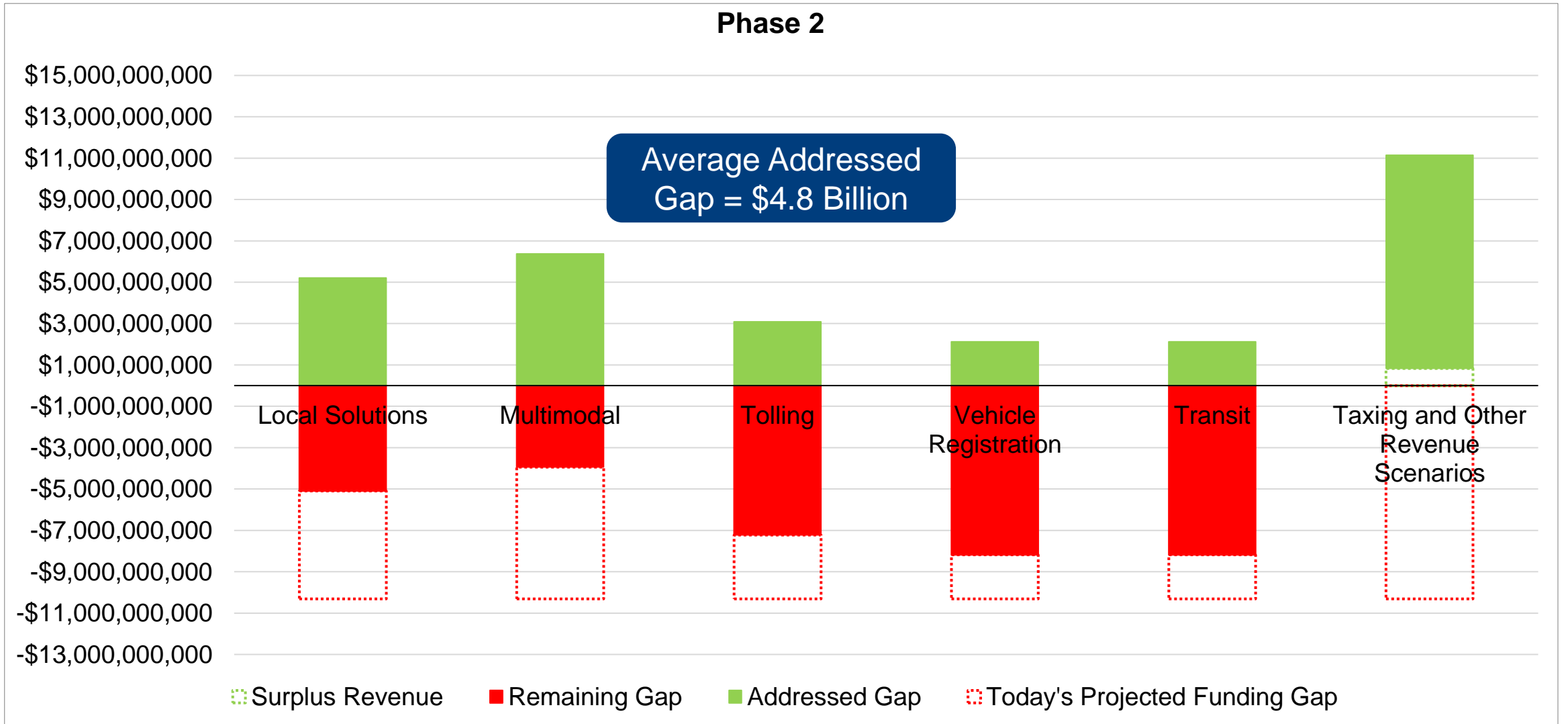
Average Annual Revenue Options



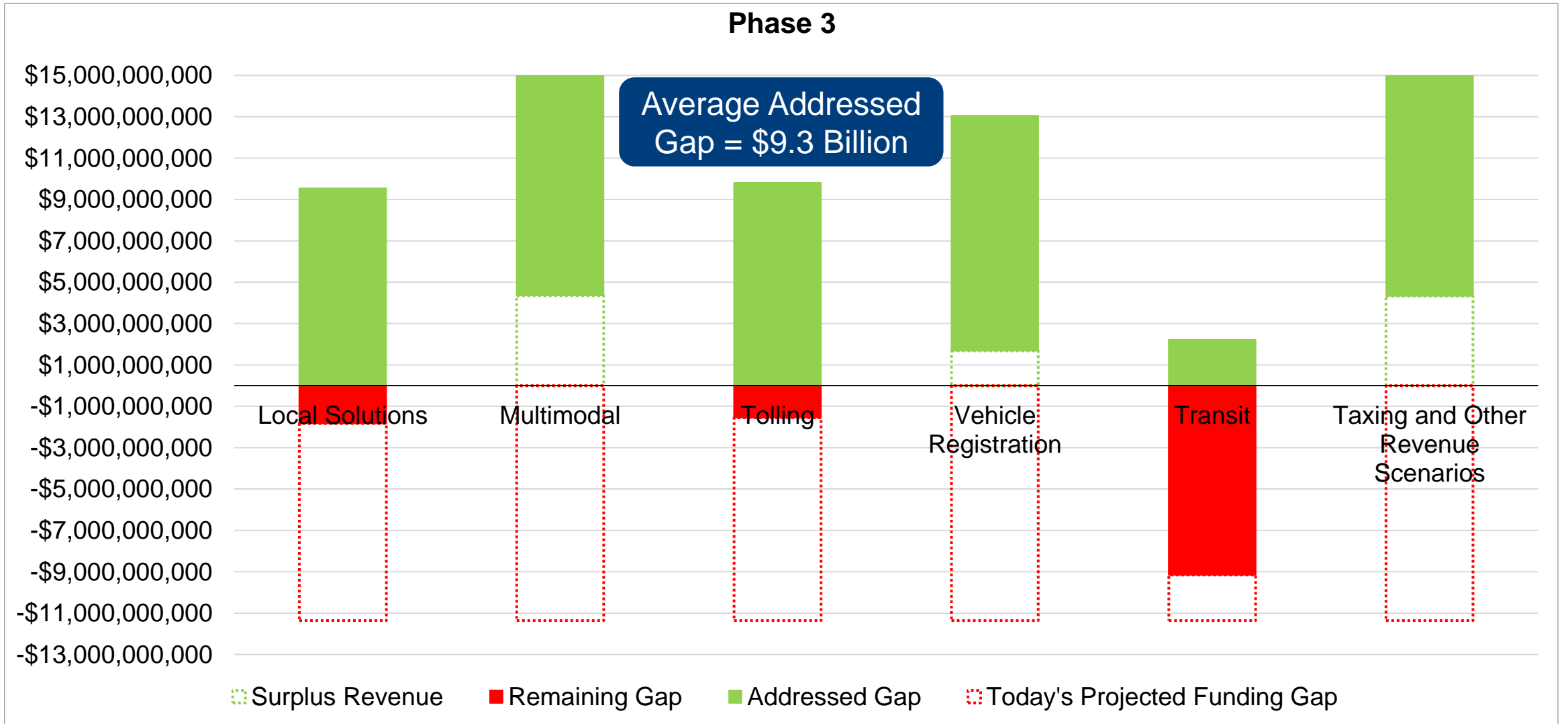
COMPILED RESULTS



COMPILED RESULTS



COMPILED RESULTS



MILEAGE-BASED USER FEES (MBUF)

The Long View

- Primary Role: Replacement of gas tax in the long term (probably ten years out)
- Potential to bring in more money than other sources
- Dedicated to highways and bridges
- Both funding mechanisms in place during transition and technology development (with piloting but not duplication of obtaining funds)



MILEAGE-BASED USER FEES (MBUF)

MBUF by the Numbers

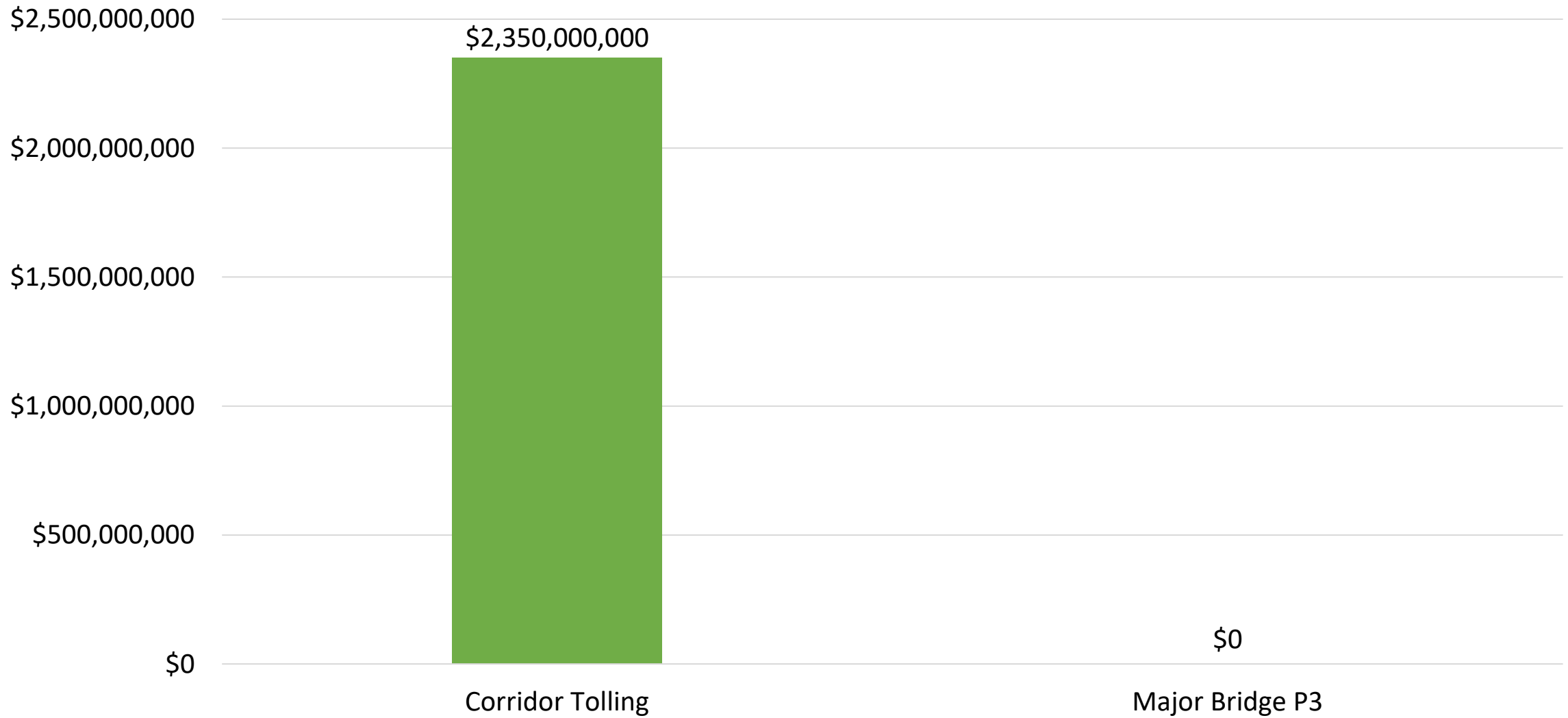
- Current need: \$9.3 B (\$8.1 B highway and bridge)
- Current liquid fuels revenue is \$4.6 B
- Total current need: \$12.7 B (liquid fuels PLUS need)
- At 2% inflation, that's \$15.5 B (Fed and other revenues may reduce by \$2 B)
- Implementation might begin at 3 or 4 cents/mile and increase for urgent needs

MILEAGE-BASED USER FEES (MBUF)

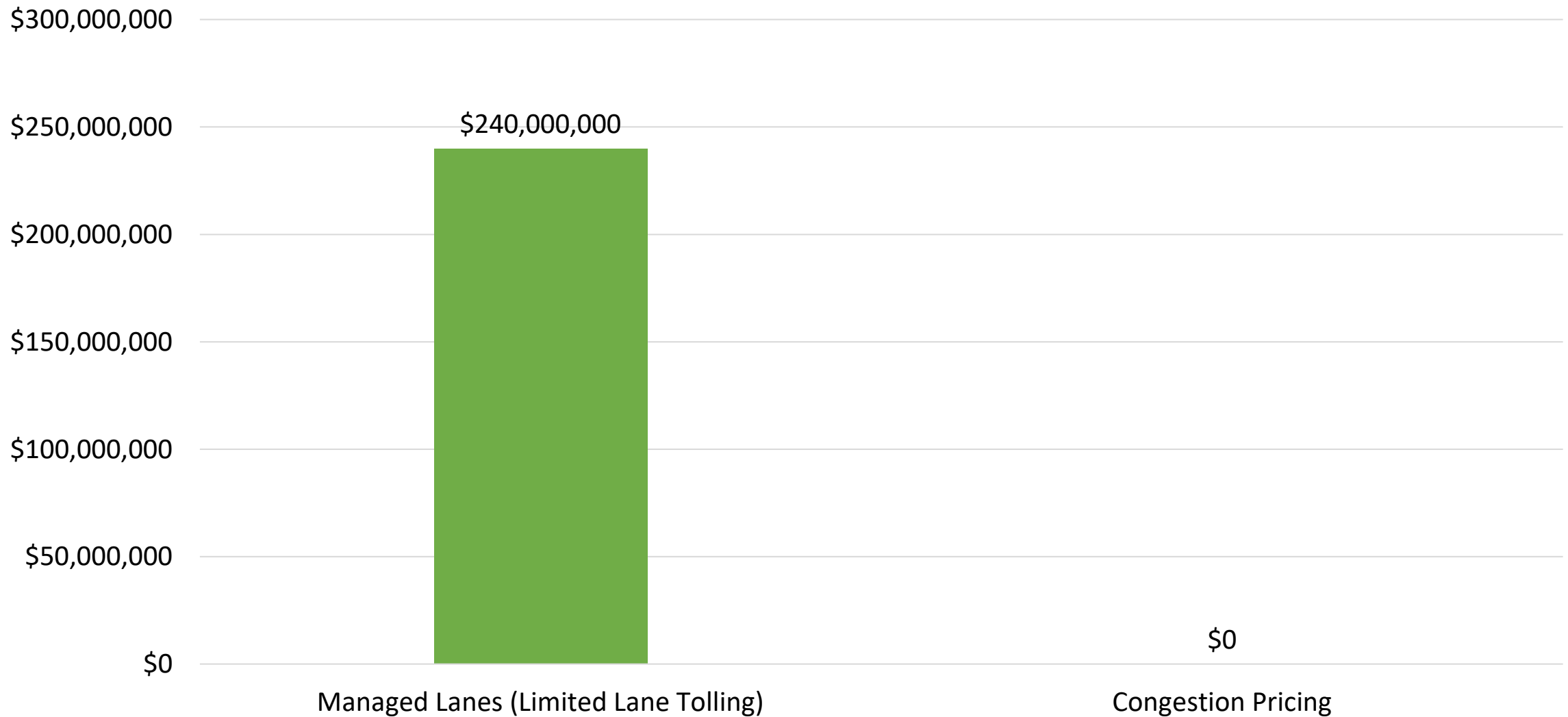
Outlook

- MBUF must be a high priority and can coexist with traditional means for many years
- Federal involvement is a must
- Pilots and technology development can begin now

TOLLING SCENARIOS



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Ad Valorem Vehicle Tax

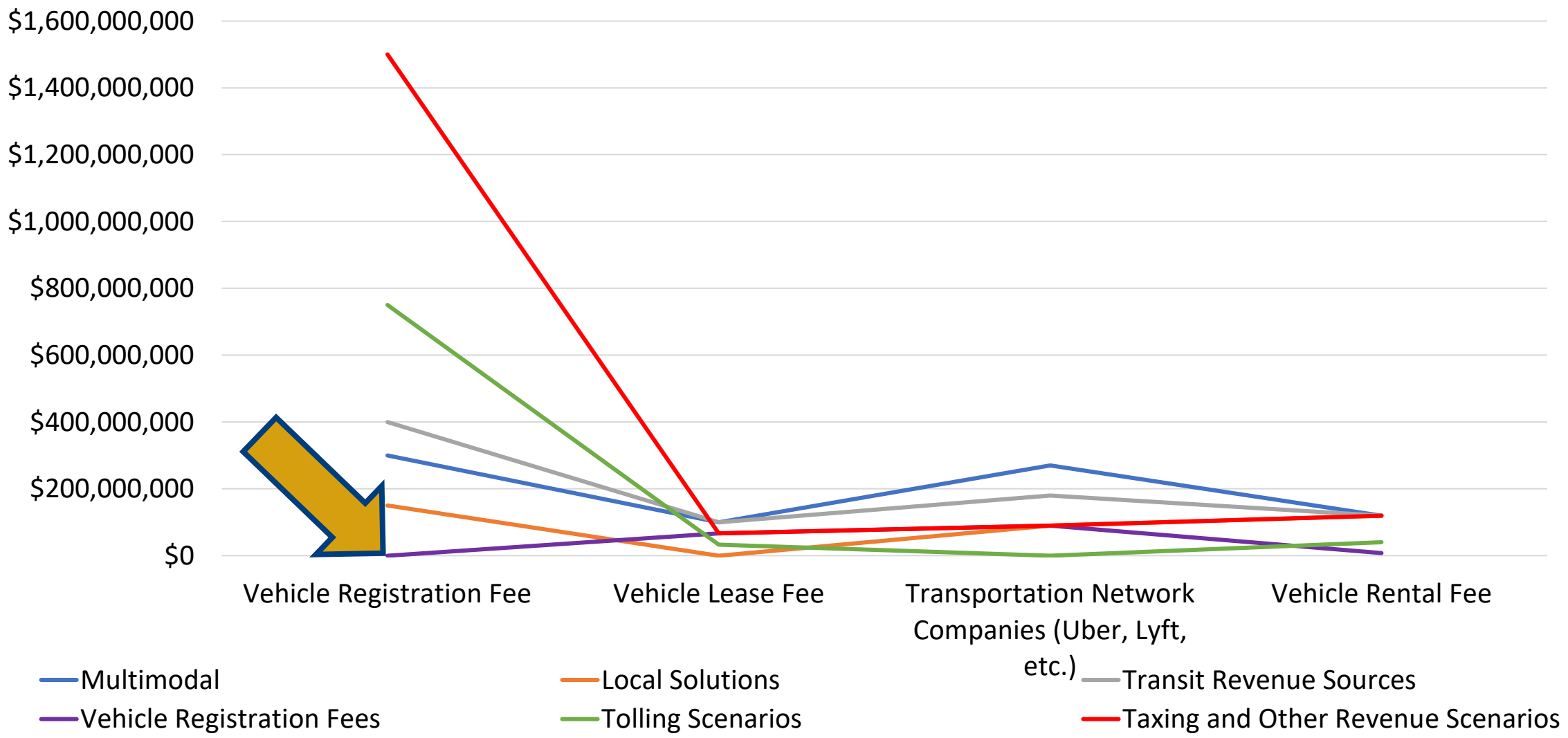


TOLLING SCENARIOS

EV MBUF Pilot

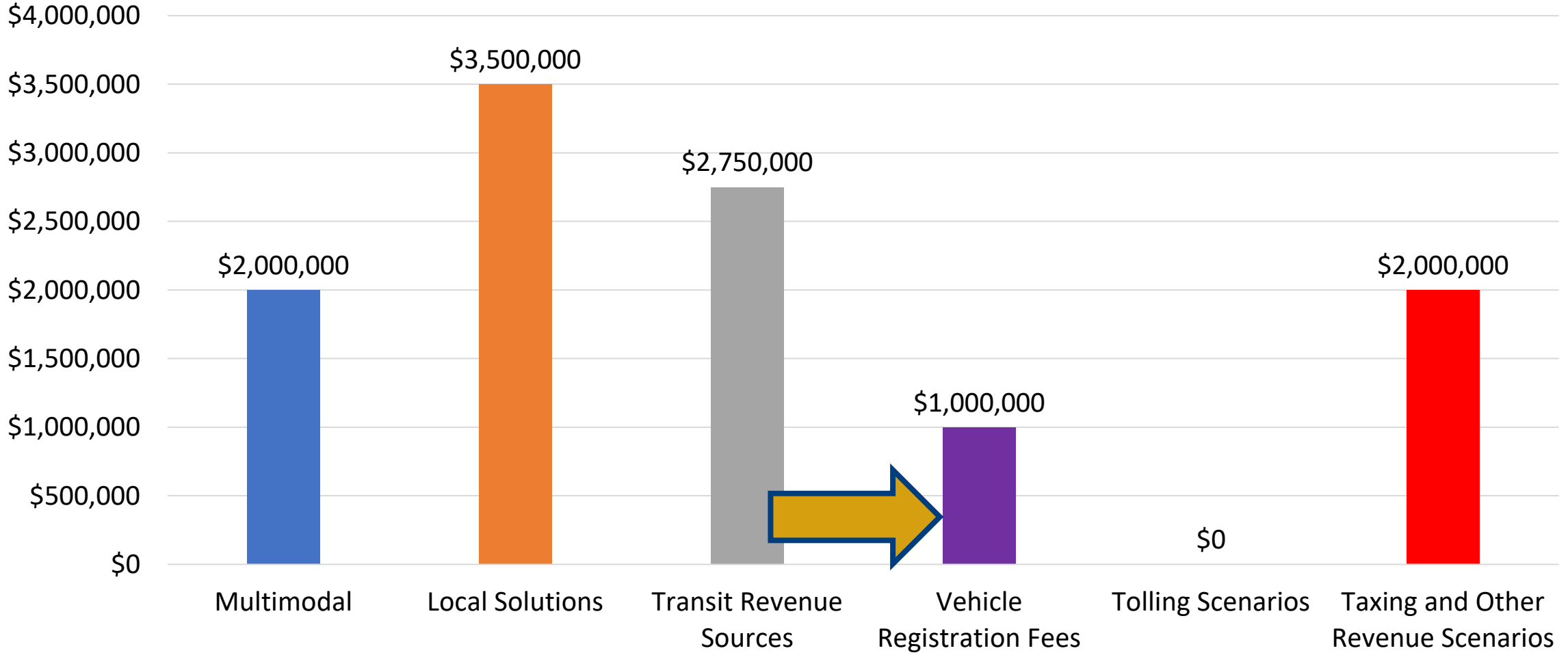


VEHICLE REGISTRATION FEES



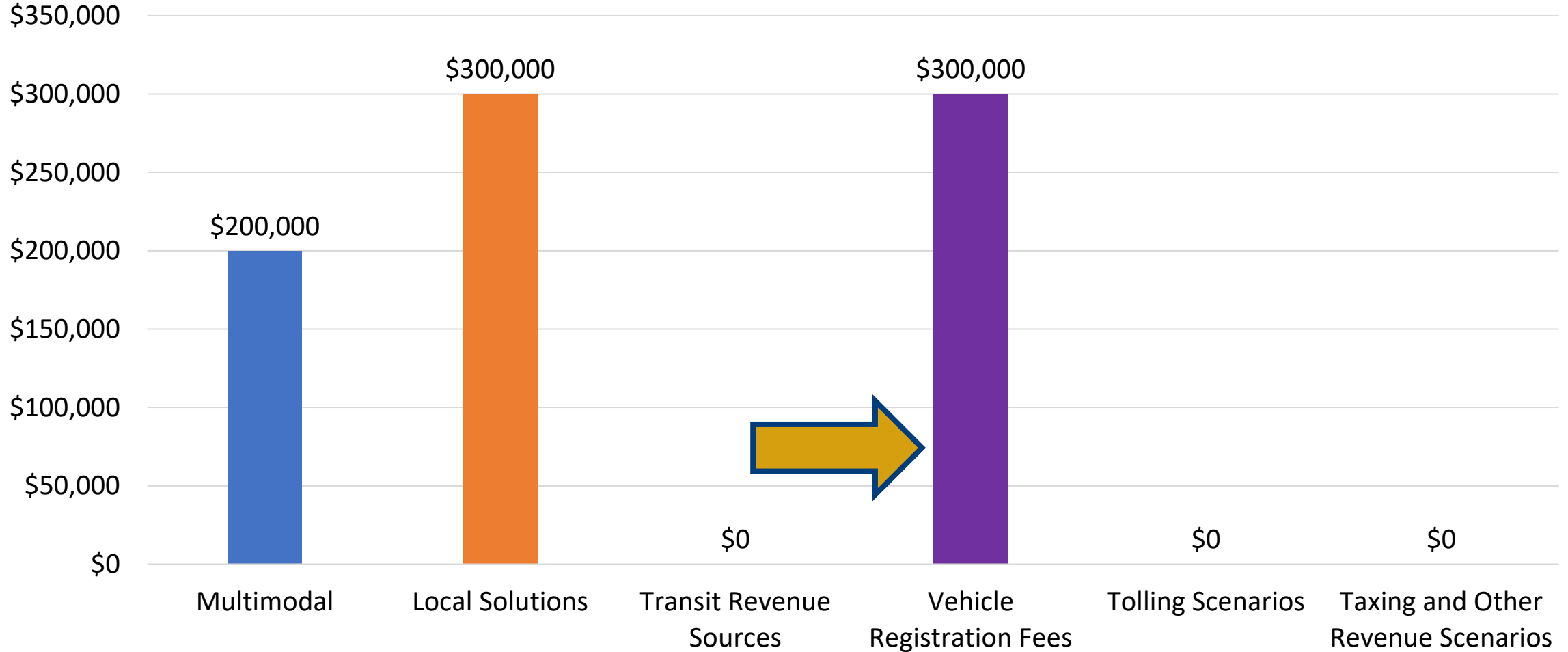
VEHICLE REGISTRATION FEES

Electric Car Fee

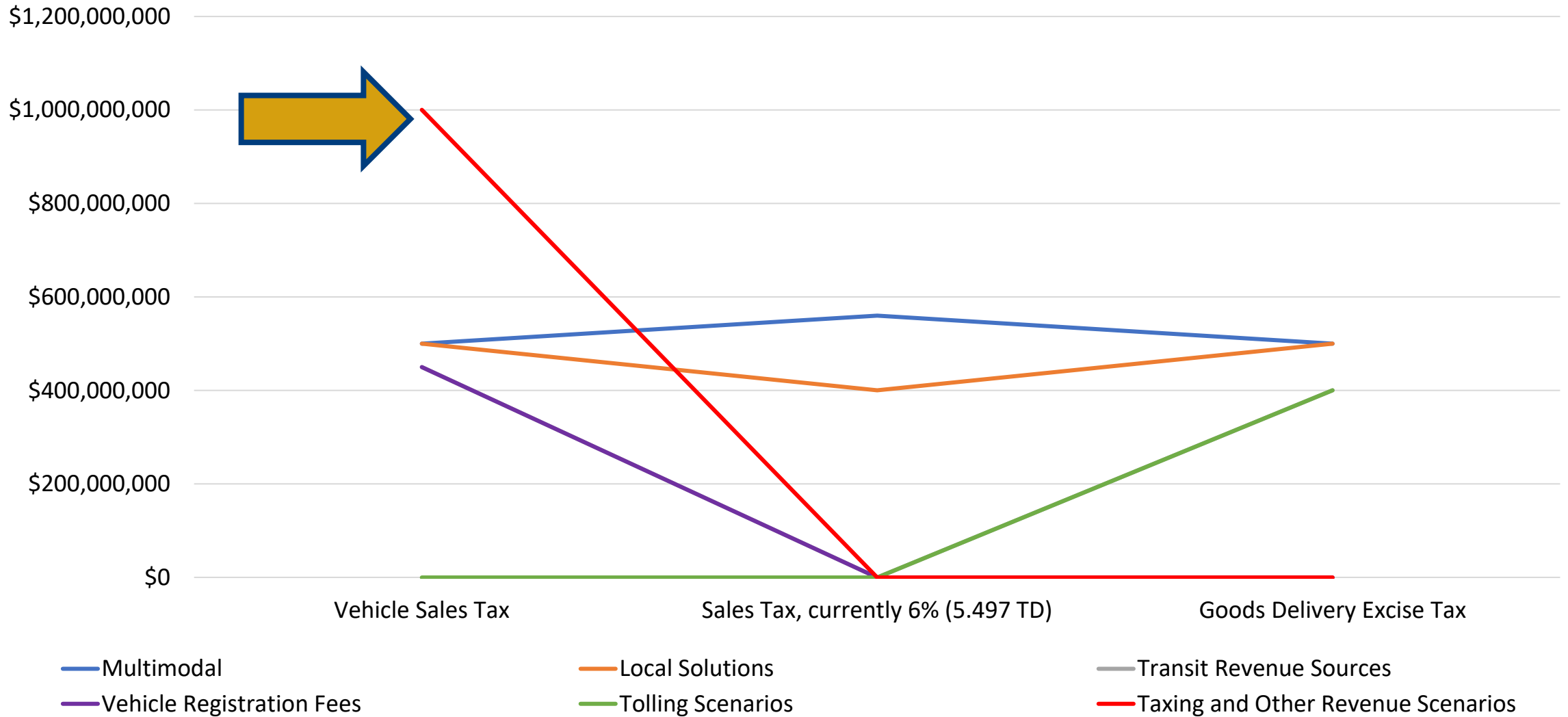


VEHICLE REGISTRATION FEES

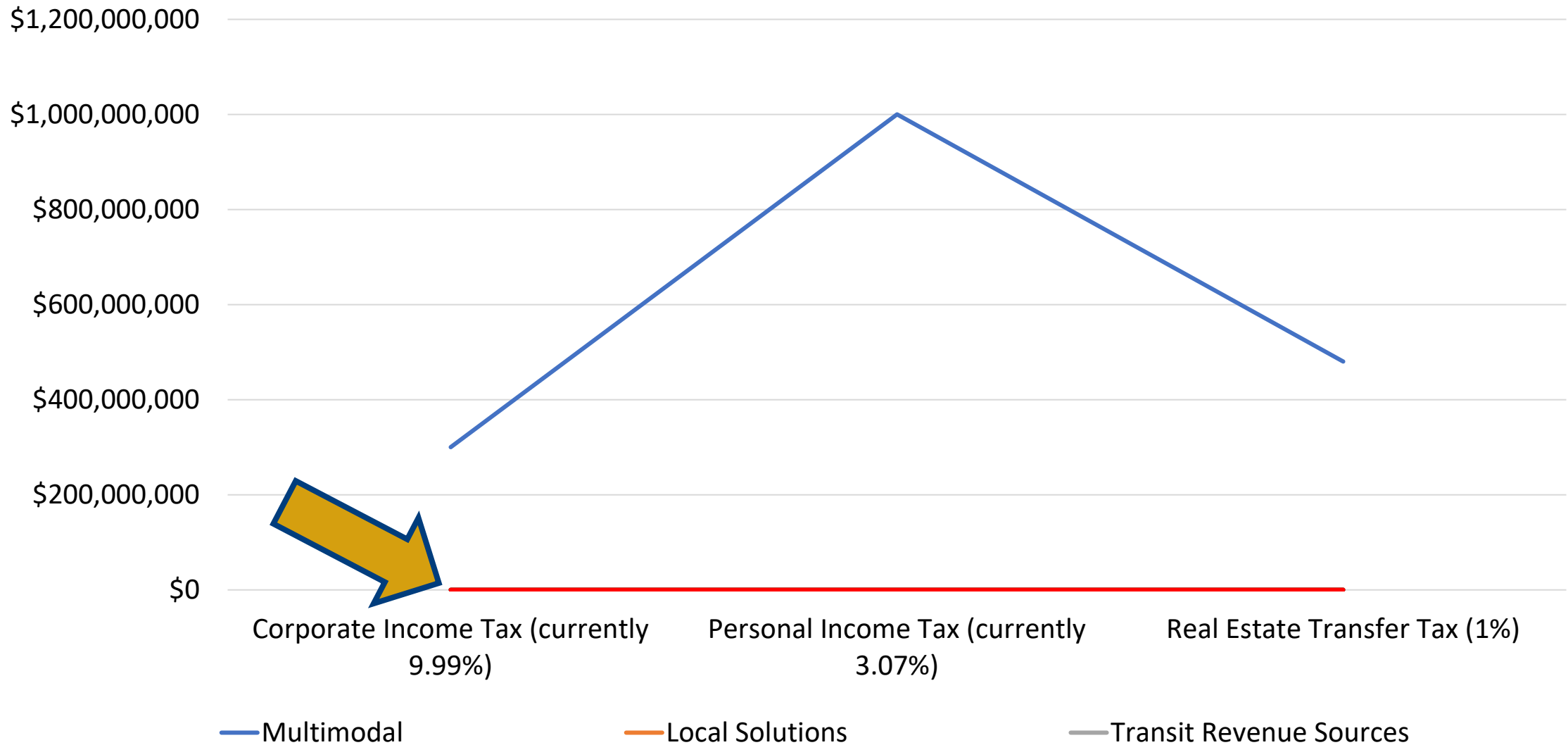
Aircraft Registration Fees



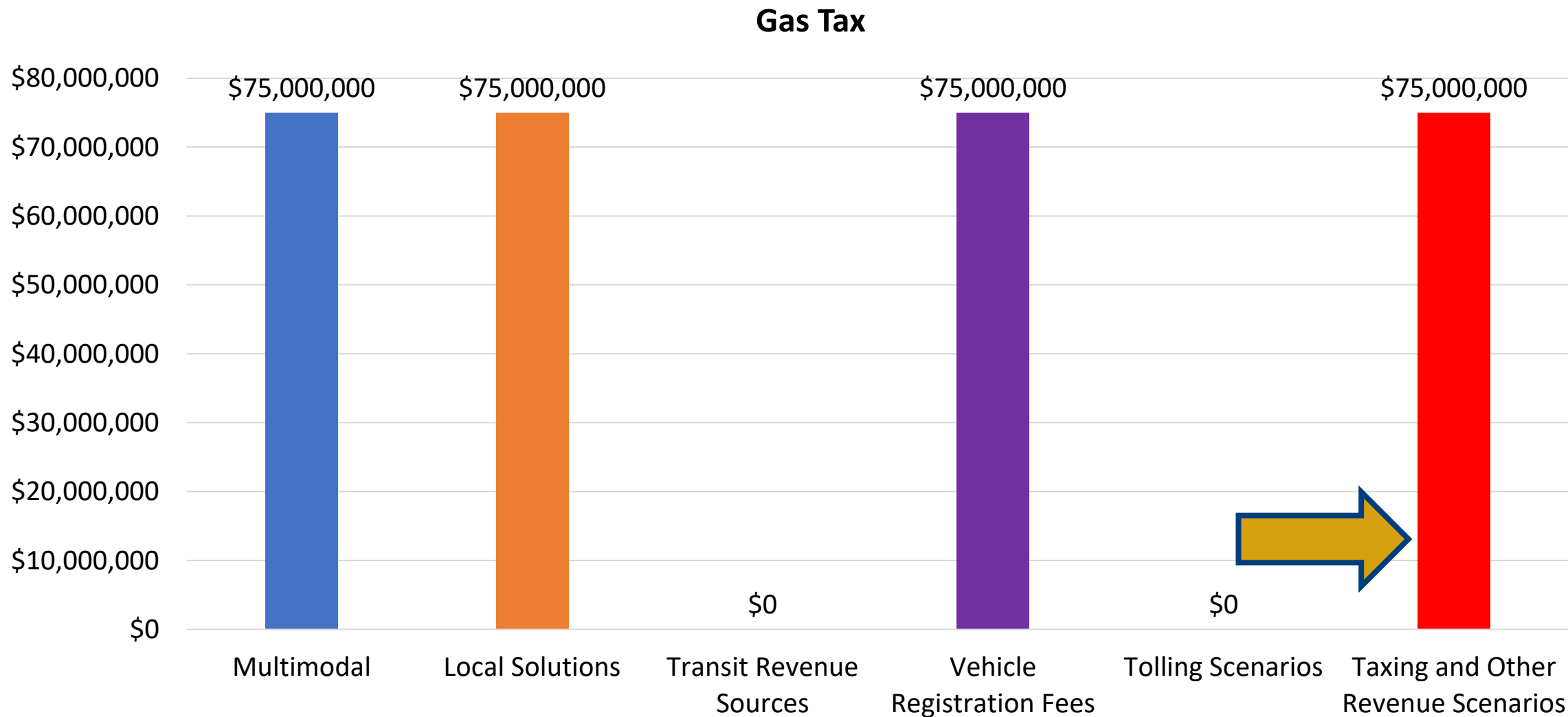
TAXING SCENARIOS



TAXING SCENARIOS

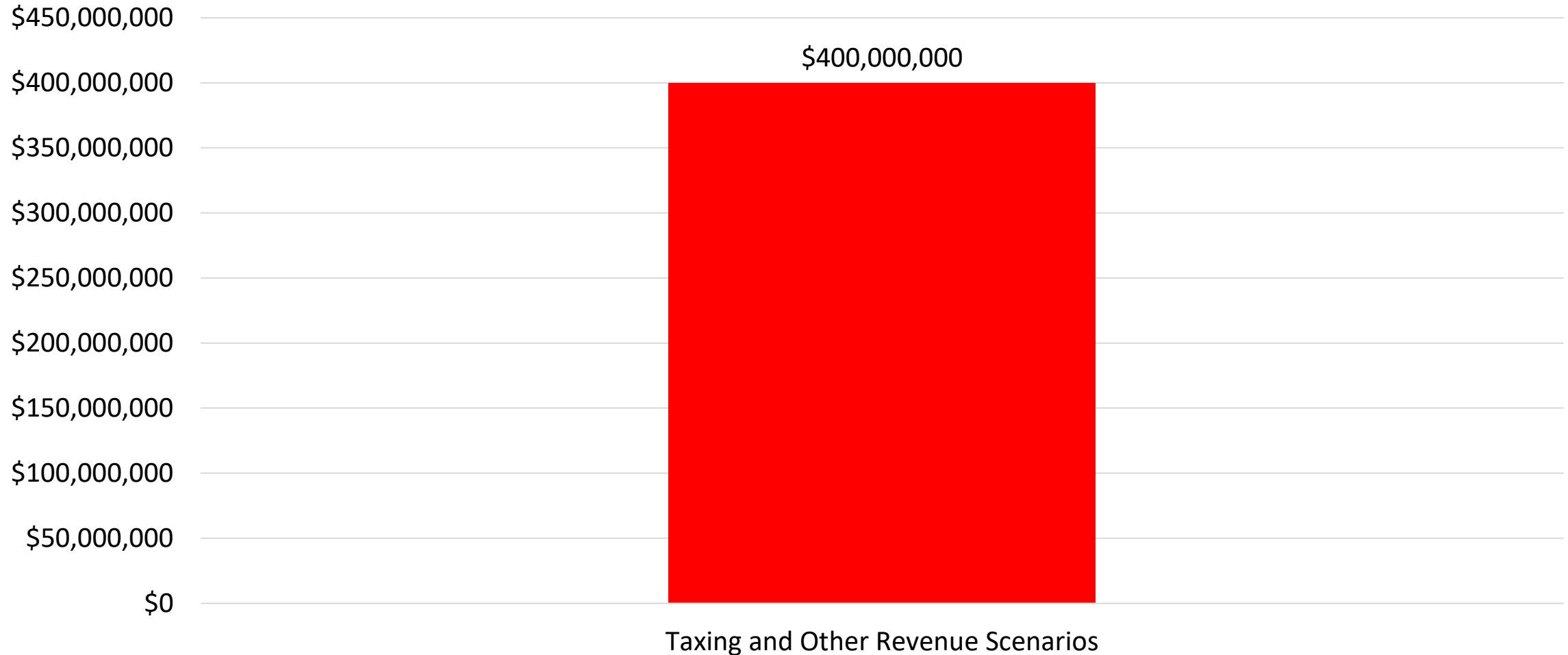


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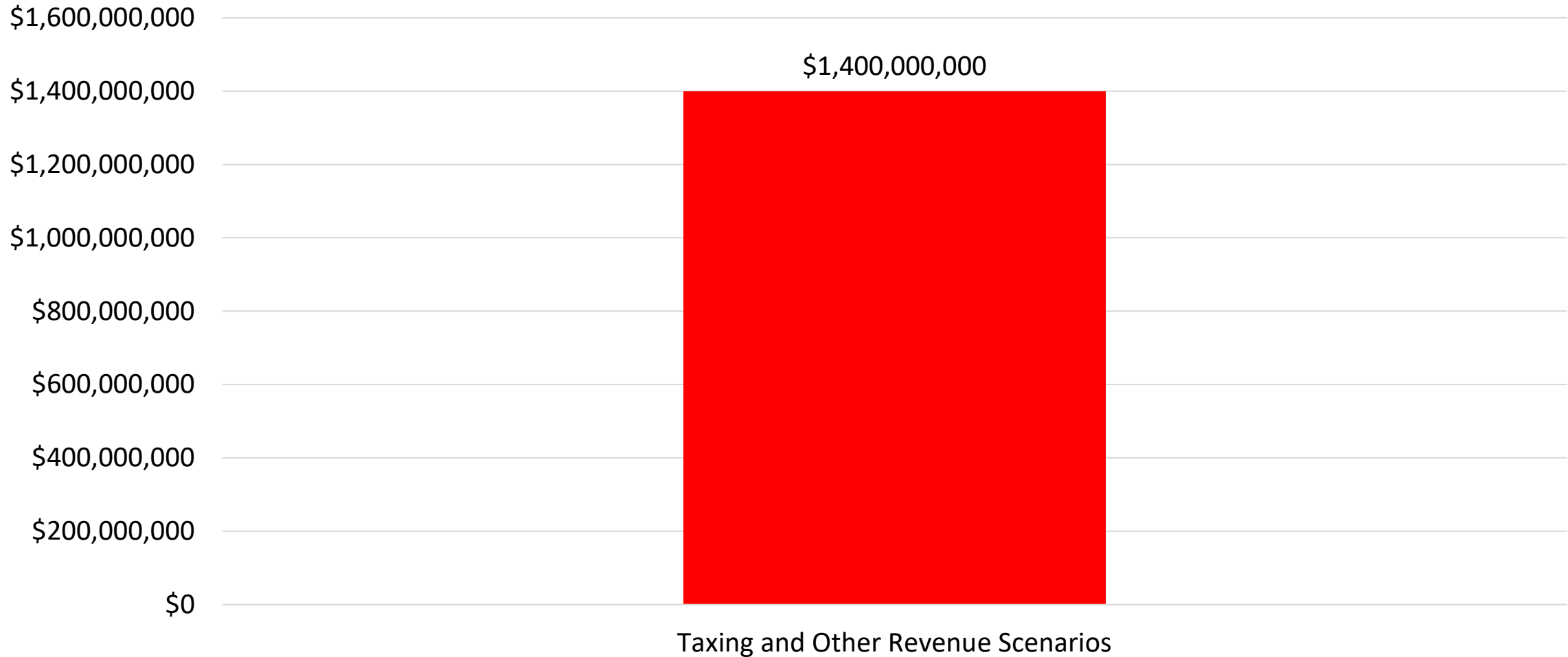
TAXING SCENARIOS

American Rescue Plan



TAXING SCENARIOS

All Current MVST to Transportation Funding



MULTIMODAL REVENUE SOURCES

Core Themes and Considerations

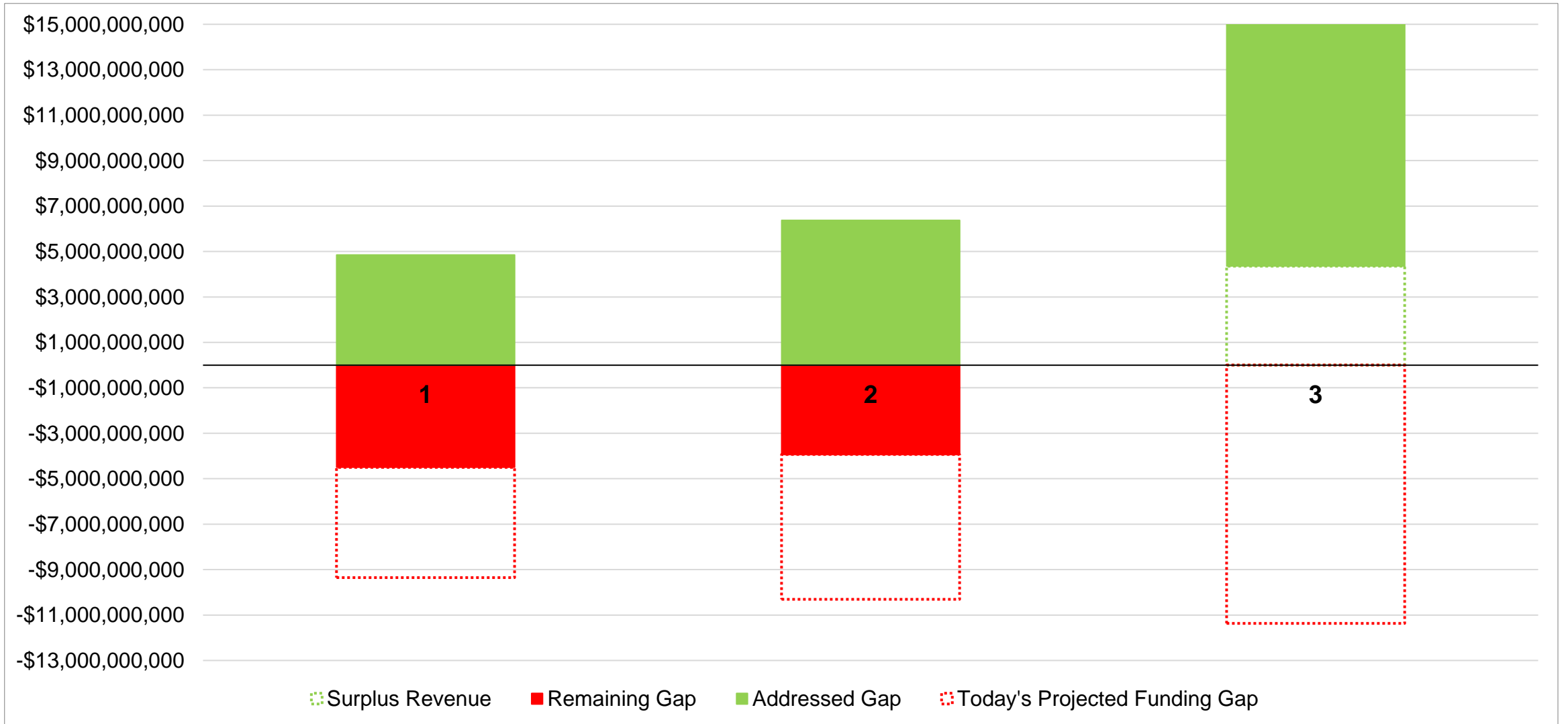
- Funding flexibility must be a key to new revenue sources
- Key broader policy goals and principles must be kept in view strategically, e.g., climate change
- MBUF recommendation of multimodal work group is based on assumption of flexibility for modes in addition to highways
- The department must have authority without legislative approvals being required

MULTIMODAL REVENUE SOURCES

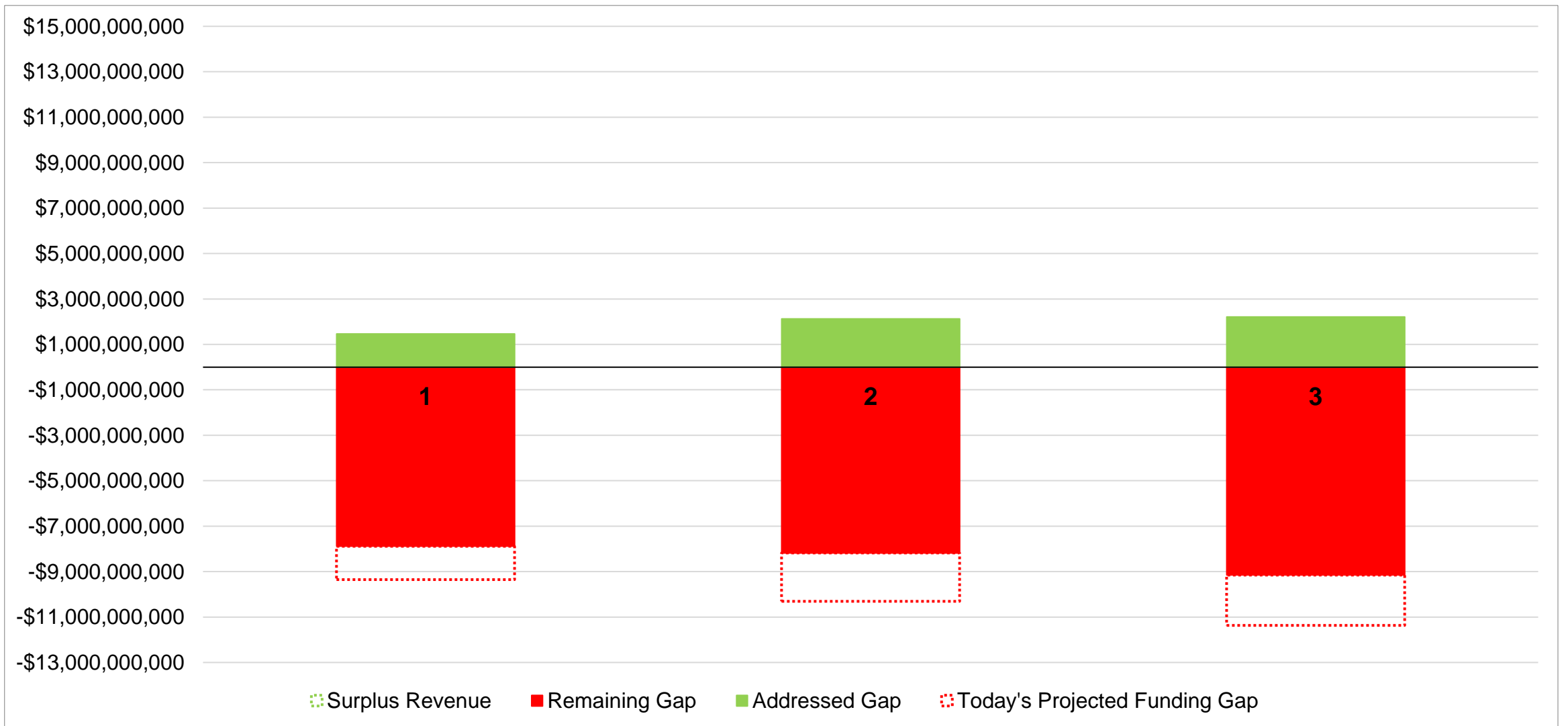
Core Themes and Considerations (*continued*)

- Consider systemwide tolling v. specific location (bridge) tolling – Corridor tolling
- Need an overall strategy for tolling in general
- Vehicle registration increases concern over impact on low-income individuals
- Sales tax offers the opportunity for regional say in allocation if done correctly

MULTIMODAL REVENUE SOURCES



TRANSIT REVENUE SOURCES



LOCAL SOLUTIONS

Options to Explore*

- Mileage-Based user Fee (MBUF) tied to also including congestion pricing
- Transportation Network Companies
- Goods Deliveries Excise Tax – Shipping isn't free (end user)
- PA State Police to General Fund

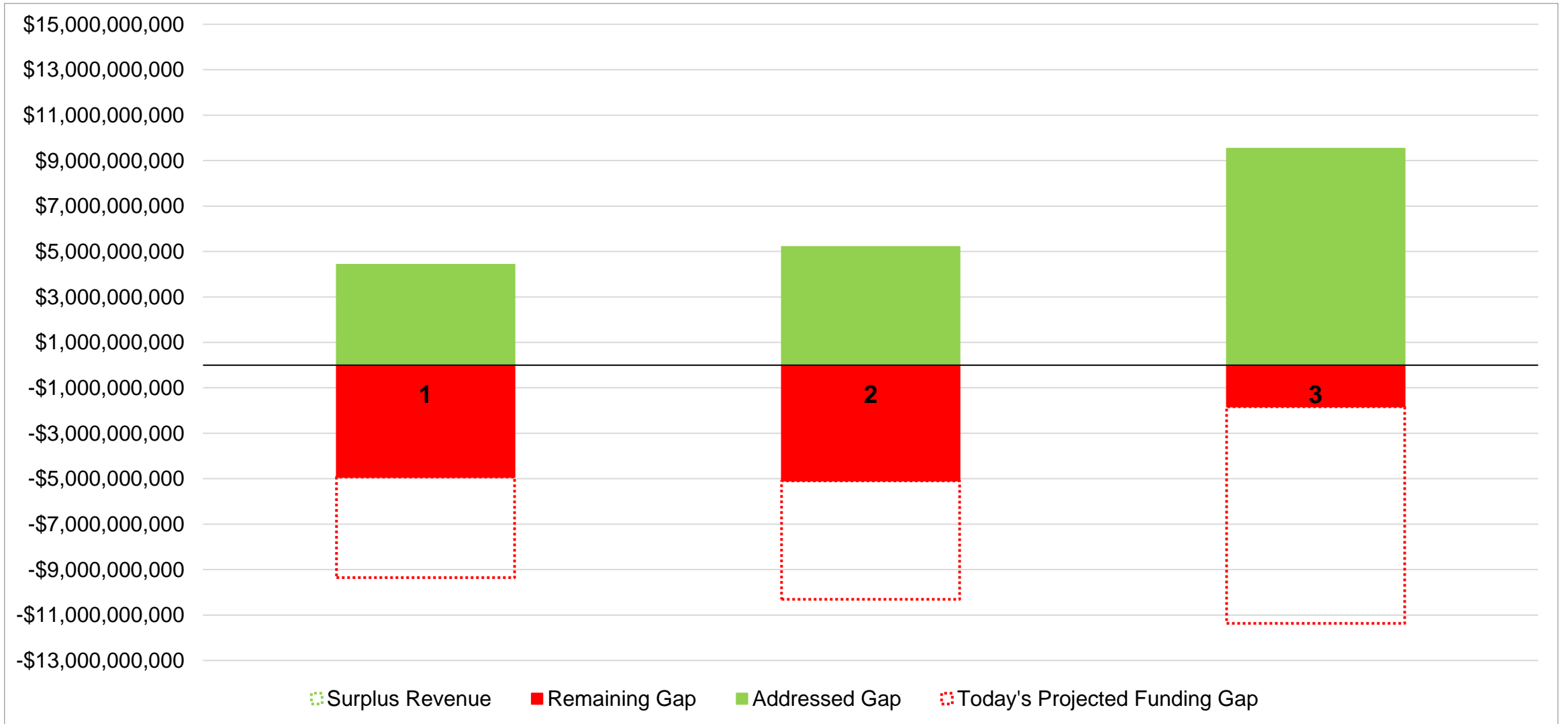
*Tolling not addressed

LOCAL SOLUTIONS

Overarching themes that will still need to be addressed:

- Index to inflation – link to CPI
- Local Sales Tax Option to the County or the MPO/RPO to fund local or regional needs
- If we remove the Gas tax, how do we fill that gap in funding that went to local governments let alone grow funding to address local needs not included in the \$9 Billion funding shortfall

LOCAL SOLUTIONS



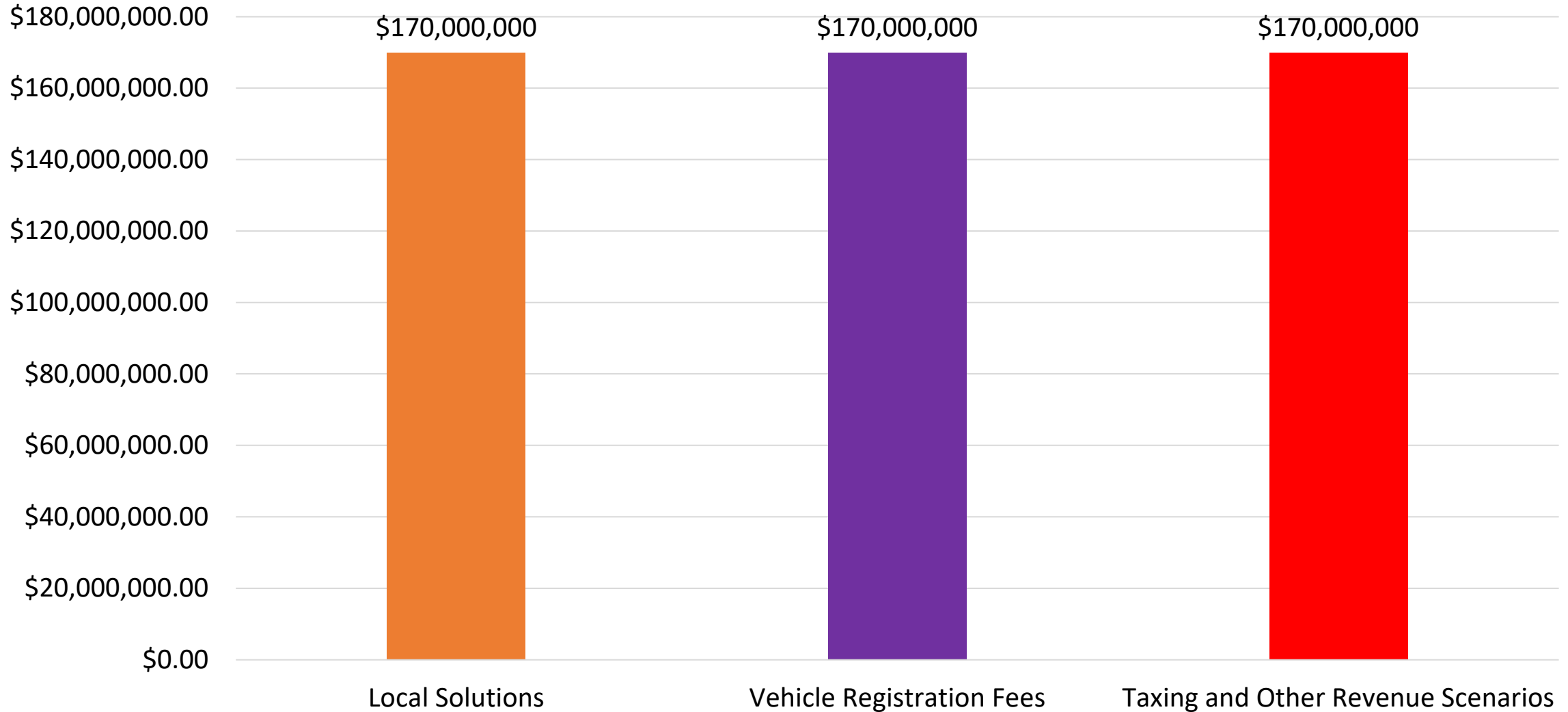
MARIJUANA



GAMBLING



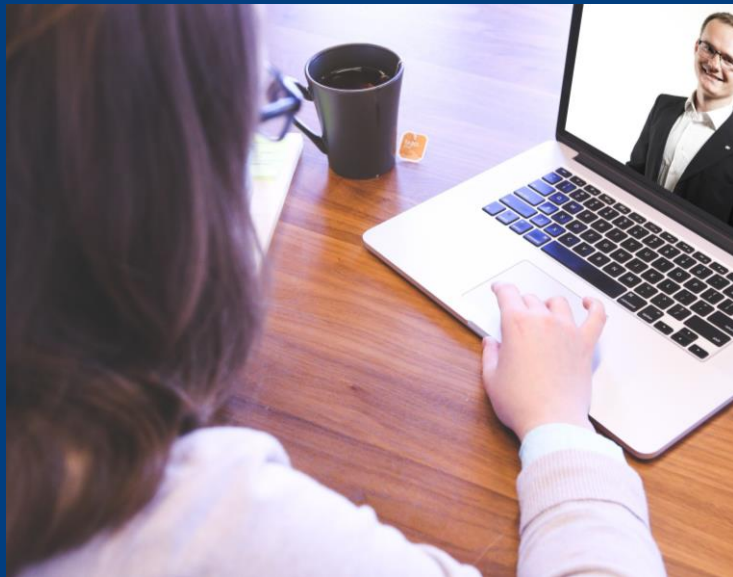
PA TURNPIKE FUNDING



TOWARD CONSENSUS

Comments and Considerations from TROC Members

BRIEFING



FEDERAL FUNDING INITIATIVES



Larry Shifflet, TROC Executive Director and
PennDOT Deputy Secretary for Planning

PRESENTATION FOCUS

- American Jobs Plan
- FAST-Act Reauthorization
- Communication

AMERICAN JOBS PLAN

- On March 31, 2021, President Biden unveiled the ‘American Jobs Plan’
- \$621 Billion for Transportation
 - \$115 Billion for Roads and Bridges
 - \$174 Billion for Electrification of Vehicles
 - \$85 Billion for Transit
 - \$80 Billion for Rail
 - \$25 Billion for Aviation

FAST ACT REAUTHORIZATION

- FAST-Act Expired 9/30/2020
- Congress passed a one-year extension (9/30/2021)
- Senate and House working on Reauthorization Legislation
- Senate Environment and Public Works (EPW) Committee marked up legislation 5/26/2021
- House Bill has not yet been marked up (may be 6/9/2021)

FAST ACT REAUTHORIZATION

- What's in Senate EPW legislation
 - \$303.5 Billion over 5 years for Highway and Bridge Programs
 - Roughly 34% increase over FAST Act
- Pennsylvania's Share
 - Estimated \$11.3 Billion over the five years
- Next Steps
 - Several other Senate committees have jurisdiction over this legislation

FAST ACT REAUTHORIZATION

- What's in House legislation
 - \$343 Billion over 5 years for Highway and Bridge Programs
- Pennsylvania's Share
 - Estimated \$11.57 Billion over the five years
- Next Steps
 - Several other House committees have jurisdiction over this legislation

COMMUNICATION

- Local
 - Earmarks
- State
 - AASHTO
- Federal
 - Congressional Delegation

MEETING SUMMARY AND PUBLIC COMMENTS

- Opportunity for Public Comment
- A Look Ahead to June 24
 - Package Delivery Fees
 - Review of Funding Proposal Scenarios and Key Content of Final Report

COMMISSION CHAIR'S CLOSING REMARKS



Secretary of Transportation,
Yassmin Gramian

TRANSPORTATION REVENUE OPTIONS COMMISSION



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