TRANSPORTATION REVENUE OPTIONS COMMISSION (TROC)
MATERIALS YOU HAVE RECEIVED

- Pennsylvania’s Transportation Funding Options 2021
- PennDOT Revenue Sources and Uses by Mode
- Other States’ Transportation Funding Choices
- PennDOT’s Current Funding Sources
- Where Does PennDOT’s Budget Go?
- Agenda

- Link to Mentimeter and confidential code (in invitation)
1. Meeting Objectives
2. Commission Membership
3. TROC Charge and Our Transportation Future
4. TROC Final Product (Concept)
5. Transportation Funding Review
   • What Are You Paying for Transportation?
   • PennDOT’s Budget and Funding Sources
   • Efficiencies and Innovation
   • PennDOT PAthways
   • The Need
   • Making a Difference
   • State and Local Funding Options
6. TROC Organizational Considerations
   • Potential Focus Areas
   • Other Approaches
   • Department Roles
   • Commission Member Roles
   • Expectations
   • TROC Charter Concept
   • Guiding Principles
   • Activities by Month
   • Commission Meetings
7. Meeting Summary and Follow-Up
MEETING OBJECTIVES

- Introduce Commission members and review the charge established by Executive Order 2021-02.
- Establish the context for the Commission’s work and the associated urgency and opportunity.
- Engage Commission members in determining the processes and meeting logistics for their deliberations.
- Begin to define the fiscal implications of alternative revenue approaches.
- Determine whether to create a charter to reflect the charge and guiding principles of the Commission.
COMMISSION MEMBERSHIP

The Transportation Revenue Options Commission comprises leadership from:

- House and Senate Transportation and Appropriations committees
- Transportation, economic, and community organizations
- Commonwealth agencies, including PennDOT Secretary Yassmin Gramian as Commission Chair
COMMISSION MEMBERS

- Rep. Stan Saylor, Chair, House Appropriations Committee
- Rep. Matthew Bradford, Minority Chair, House Appropriations Committee
- Sen. Pat Browne, Chair, Senate Appropriations Committee
- Sen. Vincent Hughes, Minority Chair, Senate Appropriations Committee
- Sen. Wayne Langerholc, Chair, Senate Transportation Committee
- Sen. John Sabatina, Minority Chair, Senate Transportation Committee
- Rep. Tim Hennessey, Chair, House Transportation Committee
- Rep. Mike Carroll, Minority Chair, House Transportation Committee
- Gene Barr, Pennsylvania Chamber of Business and Industry
- Carl Belke, Keystone State Railroad Association (KSRRA)
- Becky Bradley, Lehigh Valley Planning Commission
- Laura Chu Wiens, Pittsburgh for Public Transit
- Sarah Clark Stuart, Pennsylvania Pedalcycle and Pedestrian Advisory Committee
- Howard Cohen, Temple University
- Mark Compton, Pennsylvania Turnpike Commission
- Patricia Cowley, Pennsylvania Bus Association
- Secretary Dennis Davin, Pennsylvania Department of Community and Economic Development
- Jeffrey DiPerna, ATU Local 85
- Ronald Drnevich, State Transportation Commission
- Secretary Cindy Dunn, Pennsylvania Department of Conservation and Natural Resources
- Colonel Robert Evanchick, Pennsylvania State Police
- Rich Fitzgerald; Allegheny County Executive
- Mike Glezer, Wagman
- James Harper Jr., Laborers’ International Union of North America
- Secretary C. Daniel Hassell, Pennsylvania Department of Revenue
- Jeffrey L. Iseman, Pennsylvania Statewide Independent Living Council
- Katherine Kelleman, Port Authority of Allegheny County
- Amy Kessler, North Central Pennsylvania Regional Planning and Development Commission
- Robert Latham, Associated Pennsylvania Constructors
- Secretary Patrick McDonnell, Pennsylvania Department of Environmental Protection
- Thomas Melisko, International Union of Operating Engineers Local 66
- Brock Myers, Alan Myers
- Rebecca Oyler, Pennsylvania Motor Truck Association
- Secretary Russell Redding, Pennsylvania Department of Agriculture
- Leslie Richards, Southeastern Public Transit Authority
- Shawna Russell, Pennsylvania Public Transportation Association
- Dave Sanko, Pennsylvania State Association of Township Supervisors
- Bob Shaffer, Aviation Advisory Committee
- Leeann Sherman, American Council of Engineering Companies of Pennsylvania
- Karl Singleton, Pennsylvania Diversity Coalition
- Matt Smith, Greater Pittsburgh Chamber of Commerce
- Secretary Jen Swails, Office of Budget
- Andrew Swank, Swank Construction
- Jerry Sweeney, Southeast Partnership for Mobility
- Secretary Robert Torres, Pennsylvania Department of Aging
- George Wolff, Keystone Transportation Funding Coalition
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The Commission shall . . .

- Develop a comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania (Executive Order 2021-02).
- Provide interim reports and recommendations to the Governor.
- Submit a final report no later than August 1, 2021.
Go to menti.com
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1. Executive Summary
2. Message from the Chair – What’s at Stake?
3. TROC Overview – Purpose and Evaluation Approach
4. Transportation Needs and Funding Challenges
5. Historical Perspective and Progress to Date
6. The Options and Evaluation Framework
7. Recommendations and Rationale
8. Conclusion
TRANSPORTATION FUNDING REVIEW
WHAT ARE YOU PAYING FOR TRANSPORTATION?

- **TV**: $642
- **Internet**: $720
- **Cell Phone**: $876
- **Electricity**: $670
- **Gas Tax**: $380
**PENNDOT’S BUDGET**

**Highway**
- Highway & Bridge Maintenance
- Winter Services
- Highway & Bridge Improvement
- Driver & Vehicle Services
- Payments to Local Governments (which manage another 6,648 bridges and 78,174 miles of roadway)
- PennDOT Facilities
- General Government Operations
- Pennsylvania Infrastructure Bank
- Refunds & Other
- Welcome Centers

**Multimodal**
- Aviation
- Rail Freight
- Mass Transit
- Rural & Intercity Transit
- Free & Shared Ride Transit
- Aviation Grants
- Rail Freight Grants
- Passenger Rail Grants
- Ports & Waterways Grants
- Bicycle & Pedestrian Facilities Grants
- Statewide Programs Grants
- Multimodal Administration and Oversight
- Transfer to Commonwealth Financing Authority
- PennPorts Regional Port Authority Debt Service

**Other**
- Pennsylvania State Police
- General Fund Capital Debt
- Pennsylvania Turnpike
- Motor License Fund Capital Debt: Highway & Bridges
- Other Agencies
- Tort Payments

- **40,000** Miles of Roadway
- **25,400** Bridges
- **10.1 million** Licensed Drivers & ID Holders
- **12 million** Registered Vehicles
- **125** Public-Use Airports
- **53** Transit Systems
- **65** Operating Railroads
- **3** Water Ports
$8.6 billion annual budget
(Fiscal Year 2020-21)
EFFICIENCIES AND INNOVATION

$38.5 million
saved over three years
by using lower-cost materials for secondary roads

$49 million
saved over four years
through the County Accreditation Program

$10 million
saved over five years
by implementing efficiency improvements identified by PennDOT employees (WorkSmart and IdeaLink programs)

P3
A Public-Private Partnership to replace 558 bridges was part of PennDOT’s reduction in poor-condition bridges from more than 6,000 in 2008 to 2,500 today.
Planning and Environmental Linkages Study

PEL evaluated potential funding solutions to support the PennDOT PATHWAYS Program through stable and dedicated funding.

Mid/Long Term Solution
- Managed Lanes
- Congestion Pricing
- Corridor Tolling
- Road User Charges
- Fee & Tax Increases

Future Initiatives
- Alternative funding approaches identified for implementation.

Near Term Solution
- Bridge Tolling

Methodologies for:
- Environmental Justice
- Diversion Route Analysis
- Mitigation

Major Bridge Public-Private-Partnership Initiative
The ability to toll requires the use of a P3 contracting method authorized by the P3 Board. Each project advances through:
- National Environmental Policy Act
- Public Involvement
- Engineering
- Right of Way Acquisition
- Permits
- Utilities
- Geotech
- Gantry Design
- Diversion Route Analysis
- Mitigation
THE NEED . . .

$9.35 billion: The funding gap (growing each year)

$17.95 billion: PennDOT’s needed annual budget (with increases for inflation) to keep the transportation system in a state of good repair

$8.6 billion: PennDOT’s current annual budget

- 25% federal
- 75% state funding

FY 2021-22
Breakdown of $9.35 Billion Annual Unfunded Need

- Highways: Facilities Improvements ($50 million)
- Highways: Interstate and Other National Highway System Modernization (Modest Improvements) ($2.1 billion)
- Highways: Interstate and Other National Highway System Repairs ($1.9 billion)
- Multimodal ($1.2 billion)
  - Multimodal detail:
    - Freight Rail ($10 million)
    - Water Ports ($20 million)
    - Bicycle & Pedestrian ($18 million)
    - Aviation ($10 million)
    - Public Transportation & Passenger Rail ($1.1 billion)
- Highways: Maintenance & Operations; Repairs to the Non-National Highway System ($4.1 billion)
THE NEED . . .

74% of PennDOT’s highway and bridge funding comes from federal and state gas tax revenue—which continues to decline.

Flood damage to PA 87 in Lycoming County caused by Tropical Storm Lee in September 2011

70% of PennDOT’s revenue sources do not increase with inflation.
$9.35 billion: The funding gap (growing each year)

$8.6 billion: PennDOT’s current annual budget

$17.95 billion: PennDOT’s needed annual budget

FY 2021-22

PennDOT’s current annual budget

PennDOT’s needed annual budget

The funding gap (growing each year)
Go to menti.com
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STATE-LEVEL FUNDING OPTIONS

**General Transportation-Based**

- **Electric Car Fee**: $5.5M–$9.2M, $150 to $200 general fee (including hybrid charge) with a 1.93%–2.14% increase to address the Act 44/89 sunset in 2022 and a 100% to 200% increase.

- **Vehicle Lease Fee**: $100M, 3% increase from 3% to 6% of lease payment.
- **Accelerate PSP Funding Reduction Motor License Fund**: $320M, use General Fund in lieu of MLF to pay for Pennsylvania State Police.
- **Aircraft Registration Fee**: $250M, new fee based on aircraft weight, estimated average $300 per aircraft.

**Use-Based**

- **User Fee**: $3.8B–$8.4B, toll charge of 3.16 cents (current gas tax is 5.5 cents per mile) for users such as Uber and Lyft.
- **Rental Fee**: $80M, increase from $2 to $4 per rental.
- **Excise Tax on Goods Delivery**: $300M–$500M, percentage of value or per-package fee similar to the proposed federal Highway Transportation Services Tax (percentage could also be allocated to local governments).


**Full Tolling**: $1.8B–$2.9B, statewide tolling of Interstates and expressways (federal authority required).
# STATE-LEVEL FUNDING OPTIONS

## Traditional Revenue Sources

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
<th>Increase</th>
</tr>
</thead>
<tbody>
<tr>
<td>Corporate Income Tax</td>
<td>$300M</td>
<td>1% increase</td>
</tr>
<tr>
<td>Personal Income Tax</td>
<td>$350M–$450M</td>
<td>0.10% increase (based on current structure)</td>
</tr>
<tr>
<td>Sales Tax</td>
<td>$350M–$450M</td>
<td>0.25% increase</td>
</tr>
<tr>
<td>Real Estate Transfer Tax</td>
<td>$215M–$265M</td>
<td>0.50% increase</td>
</tr>
</tbody>
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## No Legislative Action Required

<table>
<thead>
<tr>
<th>Source</th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Driver’s License Photo Fee</td>
<td>$6.6M</td>
</tr>
<tr>
<td></td>
<td>Raise fee $2 from $9.50 to $11.50 to break even for next eight years</td>
</tr>
<tr>
<td>Real ID Fee</td>
<td>$125M</td>
</tr>
<tr>
<td></td>
<td>Beginning October 1, 2021, raise fee from $30 to $60 to break even for next three years</td>
</tr>
<tr>
<td>Emission Sticker Fee</td>
<td>$57M</td>
</tr>
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<td></td>
<td>New $8 fee; same as inspection sticker</td>
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</tbody>
</table>

If we promptly implemented all of these options, the Commonwealth could generate sufficient additional revenue to fully address Pennsylvania’s transportation funding gap.
## Local-Level Funding Options

### Revenue Potential

<table>
<thead>
<tr>
<th>High</th>
<th>Medium</th>
<th>Low</th>
</tr>
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</table>

### Statewide Enabling Legislation Required
- Earned Income Tax
- Sales Tax
- Local Services Tax
- Mileage-Based User Fee
- Property Tax Surcharge
- Real Estate Transfer Tax
- Vehicle Property Tax
- Gasoline Sales Tax
- Interstate Tolling
- Congestion Pricing
- Cordon Pricing
- Transportation Network Company (Rideshare) Fee
- Hotel Occupancy Tax
- Cigarette Tax
- Liquor/Malt Beverage Tax
- Vehicle Registration Fee
- Excise Tax on Adult Bicycles
- Lead Acid Battery Tax
- Telecom Surcharge
- Opportunity Zone Incentives

### Options Available Now
- None
- Transit Fare Surcharge
- Rolling Property Tax Assessment
- Surface Coverage Fee
- Tax Increment Financing
- Transportation Access Fee
- Fee in Lieu of Parking
- Fee in Lieu of Transportation Improvements
- Rezoning for Private/Transit Development
- Parking Space Fee
TROC ORGANIZATIONAL CONSIDERATIONS
POTENTIAL FOCUS AREAS

- Highway and Bridge
- Public Transportation and Passenger Rail
- Other Multimodal
  - Aviation
  - Freight Rail
  - Water Ports
  - Bicycle and Pedestrian
- Local Transportation Network
OTHER APPROACHES

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DEPARTMENT ROLES

- Data and analytical support
- Modal subject matter expertise
- Meeting preparation and facilitation
- Meeting record-keeping and follow-up
- Schedule management
- Communications and logistics
- Development of final report of recommendations
COMMISSION MEMBER ROLES

- Share perspectives from your sectors
- Provide information
- Offer suggestions
- Ask questions
- Evaluate options objectively
- Evaluate recommendations (e.g., feasibility, equity, effectiveness, etc.)
EXPECTATIONS

- Represent the interests of your sector/stakeholders.
- Actively participate.
- Commit to problem solving.
- Work toward consensus.
- Focus on stewardship.
- Consider a wide range of views and opinions.
- Observe our guiding principles.
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March
Initiate strategic proposal and establish the need

April
Generate and evaluate options

May
Identify initial recommendations

June
- Complete recommendations and rationale
- Complete other sections of strategic proposal

July
- Review, revise and finalize report
- Submit to the Governor by August 1st

TROC may anticipate meeting twice per month for 2 hours
COMMISSION MEETINGS

- Frequency
- Duration
- Structure (e.g., standing agenda items)
- Public attendance
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FOLLOW-UP

- Provide Meeting 1 summary to Commission members
- Provide meeting schedule through July
- Initiate identification of options and focus areas
- Draft evaluation or screening considerations for recommendations
TRANSPORTATION REVENUE OPTIONS COMMISSION (TROC)

MARCH 25, 2021