

# **Framing the Evaluation: Compilation of Work Group Responses**

## **Introduction**

In the May 13 meeting, all non-legislative members of the TROC were assigned to work groups to continue with the analysis of needs and the exploration of funding options. To assist in this process, members within each of the eight workgroups completed a template for framing the evaluation.

This document is a compilation of work groups' largely unedited responses, as the means for moving the TROC toward recommendations as its work continues in the upcoming months.

For each of the eight work groups, responses are generally presented within five sections:

- Validation of need (including key supporting points and gap closure points, if appropriate)
- Identification and prioritization of revenue options
- Special considerations and concerns
- Analytical and data needs
- Other items of note

Note that work group members may not have had comments, observations or suggestions for each of the five sections. Therefore, the standard template has been modified to include only those sections containing responses.

**Multimodal Work Group**

Part 1 – Validation of Need

<b>Validation of Need</b>
<ul style="list-style-type: none"><li>▪ <i>Yes, from the aviation perspective.</i><ul style="list-style-type: none"><li>○ <i>Freight rail funding need exists but is tiny relative to the overall need.</i></li><li>○ <i>We need to consider how rail investment helps to address some of the highway condition challenge—policy context for the ultimate recommendations.</i></li><li>○ <i>Rail freight need is relatively small. The focus has been to protect the investments that have historically been made and to prevent any new taxes or fees that would cut into this (from state agencies, etc.). A protective posture to date.</i></li></ul></li><li>▪ <i>No for bicycle/pedestrian mode. There isn't any citation for the figure of \$18 million provided in the TROC materials. We believe the figure is too low. Every year, many bicycle/pedestrian projects are proposed for MMF funding that do not receive awards. We propose a higher figure (\$100M) that is a more reasonable estimation of need. \$18M versus \$8.105B proposed for highway expansion and repair is out of whack.</i></li></ul>
<b>Key Points Supporting Validated Need</b>
<ul style="list-style-type: none"><li>▪ <i>Bicycle/pedestrian projects are siloed to the MMF and shouldn't be. PennDOT should be more broadly funding bicycle/pedestrian and trail projects out of its highway and road line items.</i></li></ul>
<b>Gap Closures for Validation</b>
<ul style="list-style-type: none"><li>▪ <i>Not clear on the sources of the need information.</i></li><li>▪ <i>For multimodal, we need to establish a clear picture of what the need is within our limits of time to complete TROC recommendations.</i></li><li>▪ <i>Process note: Members of this work group may provide any further validation input based on the presentation by Deputy Secretary Granger on Thursday May 13. That presentation will shed further light on the need validation.</i></li></ul>

Part 2 – Identification and Prioritization of Revenue Options

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>Tolling ST for locations, LT for the whole system (federal policy change).</i></li> <li>▪ <i>Rail freight – MBUF LT. The way to close the gap is a revenue ton mile tax—user based, with variation by weight to capture the costs that are occasioned on the highways.</i></li> <li>▪ <i>Aviation—ST, maintaining the existing fuel tax for aviation with a possible 2 cent increase (another 2 cents on top of current tax of the same amount would close the gap).</i></li> <li>▪ <i>State Police Reallocation for transportation uses ST.</i></li> <li>▪ <i>Sales tax on aviation related purposes. ST reallocation from General Fund back to aviation purposes or for transportation overall.</i></li> <li>▪ <i>Vehicle registration fees for cars and trucks ST.</i></li> <li>▪ <i>Freight delivery excise tax/delivery surcharge. The revenue generated would NOT have to be limited to any one mode. LT if federal approval is required. End-user fee to cover the costs and benefits of the deliverers using the system to transact their sales.</i></li> <li>▪ <i>Aircraft registration fees, similar to how other transportation vehicles/equipment pays registration fees.</i></li> <li>▪ <i>User fee for out-of-state users of PA airports (system is in place—consider researching other states for this potential revenue source). Weight and size of aircraft could be factored in.</i></li> <li>▪ <i>Marijuana tax ST. The opportunity to leverage for transportation purposes is important, knowing this will likely be legal, based on the national trend toward legalization.</i></li> <li>▪ <i>Rail freight favors tolling of the Interstate system as a matter of pricing fairness (LT).</i></li> </ul>
No Potential
<ul style="list-style-type: none"> <li>▪ <i>Corporate taxes. The likelihood of this being approved is way too limited and could drive business out of the state.</i></li> </ul>

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *Technology advances must be kept in view here as an opportunity to track usage with transponders, state to state movements, etc.*
- *Individual bridge tolling via PennDOT Pathways must extensively research P3 partners and other due diligence in order to prevent significant risk.*
- *Localized projects and individual tolls could work against the need for a broader tolling solution on a system level—more long term, steady and stable.*
- *Project expenses should remain a focus – how to reduce the costs of projects to stretch funding sources. Rail freight, for example, relies on prefabricated structures at less cost and faster installation.*
- *Project permitting costs are impacting projects to a significant degree that reflects a substantial percentage of the overall cost. Environmental protection is important but streamlining must be considered in light of the large percentage of total cost. Make the project cost less).*
- *In order to truly advance bicycle and pedestrian projects, PennDOT needs to have full time staff at the Districts and a Multimodal Division in the Central Office. Shifting mode share will not happen as long as staffing is not properly allocated to promote the development of bicycle/pedestrian infrastructure.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *VMT etc. need to be better understood in relation to advancing supportive federal policy for MBUF—staying very close to the federal evolving policy direction, ARTBA, etc.*
- *All the work groups need to consider the federal aspects and implications of their review.*
- *Freight origin and destination - limitations on data should be considered in the broader context of this TROC problem solving, especially in terms of any mode shifts that might occur through tolling and other revenue options.*

***Transit Revenue Sources Work Group***

**Part 1 – Validation of Need**

Validation of Need
<ul style="list-style-type: none"> <li>▪ <i>Has the need been validated? Yes.</i></li> </ul>
Key Points Supporting Validated Need
<ul style="list-style-type: none"> <li>▪ <i>The \$450M funding that comes from Turnpike to PennDOT for transit capital needs requires addressing. The July 2022 date is looming when this becomes an obligation of the General Fund. There is a need to identify another source of revenue to meet state obligations.</i></li> <li>▪ <i>The 2019 Transportation Advisory Committee (TAC) Report identified \$1.2 billion in additional needs for transit in communities throughout the Commonwealth. The Committee’s report identified this additional \$1.2 billion funding need for public transit agencies to address state of good repair needs and grow to respond to economic development in communities throughout the Commonwealth.</i></li> <li>▪ <i>State of Good Repair is an ongoing concern for the provision of public transportation and requires addressing, as does ongoing capital investment required to deliver transit and access to mobility statewide.</i></li> <li>▪ <i>The importance of continued robust state investment for public transportation services is crucial. A coordinated, efficient network of public transportation in Pennsylvania is vital to ensuring mobility and quality of life in both urban and rural communities. The integration and continuation of programs from Act 89, the PA Lottery service for senior citizens and persons with disabilities, and the Medical Assistance Transportation Program, all depend on sustained and dedicated investment at the state level, and the ability to leverage federal funding for the provision of public transportation.</i></li> <li>▪ <i>Without continued investment at the state level in support of public transportation, mobility and quality of life in every county would suffer. Sustained funding is crucial for transit systems to be able to continue meeting the demand for access to healthcare, basic human services, employment, and educational opportunities in communities across the Commonwealth.</i></li> </ul>

- *SEPTA currently has a \$4.6 billion Infrastructure and Vehicle State of Good Repair (SGR) backlog.*
  - *With funding from Act 89, SEPTA initiated a capital program to reduce its SGR backlog over a period of 20 years. SEPTA has been able to reduce its SGR backlog from a high of \$5 billion in 2013.*
  - *Approximately half of SEPTA's backlog is related to vehicle replacement. Vigilant vehicle maintenance and overhaul practices have kept these vehicles in safe operation, but without replacement, SEPTA will be required to truncate significant portions of its rail network over the next decade.*
  - *Preservation of Act 89 investment levels is critical for SEPTA to rehabilitate infrastructure and maintain current and future service demands.*
- *SEPTA has identified a program of Projects of Regional Significance, including King of Prussia Rail, trolley modernization, bus revolution (comprehensive bus network redesign), vehicle replacement, and station accessibility. That will position SEPTA to meet the region's transportation needs.*
- *SEPTA's annual capital budget is less than half of peer transit agencies (i.e., WMATA, CTA, MBTA).*
  - *Lack of invest in new transportation projects (extensions and capacity enhancements) is causing Pennsylvania communities to lose out to competitor regions that are investing billions to attract companies and win new jobs.*
- *2019 TAC Transportation Funding Risks Report (2019) identified additional statewide transit need of \$1.2 billion.*

## Gap Closures for Validation

- *The need for continued investment in public transportation and the importance of putting a dedicated, long-term, and sustainable funding source in place for transit has been validated thoroughly.*
- *In July 2022, the Turnpike's annual \$450 million payment to PennDOT that primarily funds transit capital projects become an obligation of the State General Fund Motor Vehicle Sales Tax. That transfer is not without risk.*

## Part 2 – Identification and Prioritization of Revenue Options

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>The Act 89 \$450M Turnpike payment for the provision of transit capital projects (ST and LT).</i></li> <li>▪ <i>As mandated in Act 89, \$450 million of the Turnpike’s obligation to PennDOT for statewide transit capital improvements transitions to the vehicle sales tax. Importantly, vehicle sales tax is bondable and has a long history and delivery on revenue collections.</i></li> <li>▪ <i>TNC mobility fee for ride hailing companies (ST and LT; easy to begin implementation).</i></li> <li>▪ <i>Examine current amounts charged for vehicle tire, lease/rental fees associated with PTAF; consider increases, as well as future indexing (ST and LT).</i></li> <li>▪ <i>Electric vehicle fees (ST and LT).</i></li> <li>▪ <i>Continued state lottery funding for transit and ensuring continued viability of this revenue stream.</i></li> <li>▪ <i>Vehicle miles traveled (LT).</i></li> <li>▪ <i>Reduce PSP funding from the motor license fee (LT).</i></li> <li>▪ <b>NOTE 1:</b> <i>TNC fees, electric vehicle fees, \$450M Turnpike payment, and reducing the PSP funding from the motor license fee should be the top priorities in terms of exploration around additional revenue sources.</i></li> <li>▪ <b>NOTE 2:</b> <i>A PA Grassroots Transit Funding platform was developed by more than 250 transit riders and workers across PA over the last several months. The platform has identified a range of state funding mechanisms that could be utilized as a dedicated statewide revenue stream for public transit. This document has been attached as an addendum.</i></li> </ul>
Limited Potential
<ul style="list-style-type: none"> <li>▪ <i>The <a href="#">Southeast Partnership for Mobility</a> identified a menu of state and local funding options, and potential statewide revenues, that could help offset vehicle sales tax revenue that is currently funding other worthy programs, as well as generate \$1.2 billion in new funding for transit that was an identified need in the 2019 TAC Funding Risks report.</i></li> <li>▪ <i>The Partnership’s highlighted funding options are included in the fact sheet linked <a href="#">HERE</a> and attached to this submission. The full menu of funding options is included in Appendix B (Pages 46 – 53) of the final report: <a href="https://www.paturndpike.com/pdfs/about/SE_Mobility_Final_Report.pdf">https://www.paturndpike.com/pdfs/about/SE_Mobility_Final_Report.pdf</a> (also attached).</i></li> </ul>

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *In early 2018, the SEPTA and the Pennsylvania Turnpike Commission (PTC) formed the Southeast Partnership for Mobility to address the challenges facing the region’s transportation system. Working together with PennDOT, the partnership formed a cross-sector advisory council of regional stakeholders (Council) representing major employers, civic leaders, local elected officials, and transportation agencies. The Council represents a diverse array of regional perspectives, reflecting geographic areas, industries, employment centers, and economic backgrounds. Council members shared insights about the importance of supporting and growing a vibrant economy through new investment, as well as the transportation challenges facing the Philadelphia region and how to best address them. This diverse group of leaders issued findings and recommendations that formed the basis of the partnership’s final report – [https://www.paturndpike.com/pdfs/about/SE\\_Mobility\\_Final\\_Report.pdf](https://www.paturndpike.com/pdfs/about/SE_Mobility_Final_Report.pdf) – which was issued in April 2019.*
- *Defer for now; would like the ability to offer additional thoughts and comments.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *For all revenue options discussed, indexing to inflation and/or annual percentage increases should be built into formulas where applicable and appropriate. This is an area where there is a need for additional analytical and data from other states where this has successfully been implemented. ARTBA and other national organizations can be a resource. This has been discussed frequently in our meetings and should not be lost in conversations.*
- *SEPTA FY 2022 Capital Budget and FY 2022-33 Capital Program – [https://planning.septa.org/wp-content/uploads/2021/04/FY2022-Capital-Budget\\_FY2022-2033-Capital-Program-Proposal-rev.pdf](https://planning.septa.org/wp-content/uploads/2021/04/FY2022-Capital-Budget_FY2022-2033-Capital-Program-Proposal-rev.pdf)*
- *Transportation Advisory Committee (TAC) Transportation Funding Risks Report (February 2019) – <https://talkpatransportation.com/perch/resources/documents/tac-2019-transportation-funding-risks-report.pdf>*
- *Southeast Partnership for Mobility (April 2019) – [https://www.paturndpike.com/pdfs/about/SE\\_Mobility\\_Final\\_Report.pdf](https://www.paturndpike.com/pdfs/about/SE_Mobility_Final_Report.pdf)*
- *House Transportation Infrastructure Task Force Report (November 2019) – <http://www.repwhite.com/Display/SiteFiles/387/OtherDocuments/2020/TransportationTaskForceReportupdate9-9-20.pdf>*

Part 5 – Other Items of Note

**Other Items of Note**

- *SEPTA Five Year Strategic Business Plan: SEPTA Forward* – [https://planning.septa.org/wp-content/uploads/2021/02/SEPTA-Forward\\_StrategicPlan2021-2026.pdf](https://planning.septa.org/wp-content/uploads/2021/02/SEPTA-Forward_StrategicPlan2021-2026.pdf).
- *SEPTA “More Than the Ride” 2020 Impact Report* – <https://planning.septa.org/wp-content/uploads/2021/02/More-Than-The-Ride-2020-May.pdf> (This report is being updated for 2021).
- *In addition to the proposals in the Mobility Partnership report, following are articles highlighting innovative funding proposals and successful ballot measures since the release of the report:*
  - *National Law Review* [Maryland Breaks Ground with Digital Advertising Tax](#)
  - *Gothamist* [NY Lawmaker Proposes \\$3 Tax For Online Deliveries, To Save The MTA And Check Amazon's Power](#)
  - *CBS Austin* [Austin voters approve \\$7 billion Prop A transit project](#)

*Ballot Measures – Between 2018 and 2020, 85% (89 of 104) of public transportation-related ballot measures were passed nationwide.*

  - *APTA (2020)* [Voters Across the Country Support Public Transportation in Record Numbers](#)
  - *APTA (2019)* [Public Transportation Scores Major Wins in Last Night’s Elections in Houston, Cincinnati, Albuquerque, Maine, and Lake County, OH](#)
  - *APTA (2018)* [Public Transportation Wins Big at 85% Approval in the Midterm Elections](#)
- *Defer for now; would like the ability to offer additional thoughts and comments.*

***Mileage-Based Users Fees Work Group***

**Part 1 – Validation of Need**

Validation of Need
<ul style="list-style-type: none"> <li>▪ <i>Has the need been validated? Yes.</i></li> </ul>
Key Points Supporting Validated Need
<ul style="list-style-type: none"> <li>▪ <i>Liquid fuels will still be here for decades but will decline and likely at a generally accelerated rate.</i></li> <li>▪ <i>Alternative fuels currently are CNG, electric, hydrogen, and some others with a current major push on electric and (perhaps at some point) solar.</i></li> <li>▪ <i>Efficiencies will likely continue to improve with technology.</i></li> <li>▪ <i>While the pandemic appears to be easing, it is likely that work styles will see more work from home with less work-related travel.</i></li> <li>▪ <i>Truck usage, however, is likely to continue and increase.</i></li> <li>▪ <i>The current demand for improvements to aging transportation infrastructure is well beyond the available dedicated funding in PA, indicating a need that is more than twice the current program and increasing.</i></li> <li>▪ <i>Even doubling the current tax rate on liquid fuels whose use is declining, if even possible at all, will continue to fall behind the need.</i></li> <li>▪ <i>Federal funding for transportation has changed insignificantly in almost 30 years, with not even inflation consideration except for increased fuel consumption (due to economic growth).</i></li> <li>▪ <i>Even the federal government is looking at MBUF as a possible consideration, which would pretty much have to occur for an MBUF program to be workable in PA or any state.</i></li> </ul>
Gap Closures for Validation
<ul style="list-style-type: none"> <li>▪ <i>Federal and all states participation in an MBUF system is essential for an MBUF system to be able to work.</i></li> <li>▪ <i>Technology needs significant development to allow mileage recording by state without detail location and time of travel to maintain privacy and get acceptance by users.</i></li> <li>▪ <i>A system needs to be developed that recognizes mileage on a vehicle accumulated by state whose rates will surely vary relative to the state needs as evidenced by the different fuel tax rates in place across the US.</i></li> <li>▪ <i>If any state opts out, they could continue to function with a fuel tax collected at the pump for state revenues but would still have to have the system in place to collect MBUF for federal revenue collection of mileage-based user fees.</i></li> </ul>

- *The payment of MBUF must be a pay as you go system and perhaps not to different than the EZ-Pass and similar systems currently in place for tolling. Necessary to avoid periodic billing and accumulation of large periodic bills for the user fees and the expense of billing and pursuing collections. Much thought and creative thinking necessary in developing the payment system.*

## Part 2 – Identification and Prioritization of Revenue Options

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>There may not be any short term or partial steps to implementing a MBUF system.</i></li> <li>▪ <i>There are, however, many short-term and medium-term steps that will be necessary to make it happen in the long term. This TROC process is one of them.</i></li> <li>▪ <i>Raising awareness (education) of the need and potential to the general public.</i></li> <li>▪ <i>Developing a program of action listing all items known that need to be addressed and resolved to move forward. This would be a dynamic listing since many issues addressed would likely raise others.</i></li> </ul>

## Part 3 – Special Considerations and Concerns

Special Considerations and Concerns
<ul style="list-style-type: none"> <li>▪ <i>Need to gain interest and recognition of the potential and need from leaders and legislators that is more than a “yes/no” and more of an “if not, here is what I propose to cover all of the need that MBUF can cover.”</i></li> <li>▪ <i>Need to determine if any organization exists or if one needs to be formed that could or should undertake the task to develop a nationwide MBUF.</i></li> <li>▪ <i>An MBUF would be sea change for transportation in the US and it primarily deals only with highways, bridges and wheeled vehicles.</i></li> <li>▪ <i>All other transportation modes need to be addressed separately and probably should not get funded through MBUF funds.</i></li> </ul>

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *Information on exactly where and what efforts have been taken so far by the federal government, the I-95 Corridor Coalition, other states to date to see where MBUF stands nationwide, where the interest is, and where PA needs to link up even more than we may have done to determine where we need to go and with whom.*

## Part 5 – Other Items of Note

### Other Items of Note

- *MBUF is a so significant a change that this list of items could be endless and needs to be done. The group hasn't started it, but it needs to be done.*
- *Input from the full TROC is invited.*

## ***Vehicle Registration Work Group***

### Part 1 – Validation of Need

#### Validation of Need

- *Has the need been validated? Yes.*

#### Key Points Supporting Validated Need

- *Increasing registration fees is a policy choice and must be weighed against other options.*

## Part 2 – Identification and Prioritization of Revenue Options

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>ST: Raise all vehicle registration fees immediately.</i></li> <li>▪ <i>ST: Raise all car registration fees immediately.</i></li> <li>▪ <i>ST: Raise all truck registration fees immediately.</i></li> <li>▪ <i>ST: Raise the fee for some categories of vehicles immediately.</i></li> <li>▪ <i>ST: Change the way in which registration fees are charged (for example, based on weight, age of vehicle, value of vehicle, and type of vehicle)</i></li> <li>▪ <i>LT: Raise all vehicle registration fees over time.</i></li> <li>▪ <i>LT: Raise car registration fees over time.</i></li> <li>▪ <i>LT: Raise truck registration fees over time.</i></li> <li>▪ <i>LT: Raise the fee for some categories of vehicles over time.</i></li> </ul>

## Part 3 – Special Considerations and Concerns

Special Considerations and Concerns
<ul style="list-style-type: none"> <li>▪ <i>PA currently ranks seventeenth in the nation in truck registration fees (typical five-axle tractor-semitrailer combination) at \$2,361. Combined with fuel tax costs, this makes PA the third most expensive state in the country in which to operate a truck.</i> <ul style="list-style-type: none"> <li>○ <i>Surrounding states (only WV is higher):</i> <ul style="list-style-type: none"> <li>▪ <i>NJ: \$1,255</i></li> <li>▪ <i>NY: \$1,581</i></li> <li>▪ <i>OH: \$1,431</i></li> <li>▪ <i>VA: \$1,928</i></li> <li>▪ <i>WV: \$3,235</i></li> </ul> </li> <li>○ <i>Increasing these fees only makes PA less competitive for trucks to drive in. Out-of-state trucks already pay this through apportioned fees. Should it become too expensive to operate a truck in PA, operators may stop driving as much in PA and there will be fewer trucks to deliver goods for PA businesses and consumers.</i></li> <li>○ <i>Raising registration fees will further increase the cost to in-state trucks, which do not pay apportioned registration fees and many of which are small businesses.</i></li> </ul> </li> </ul>

- *Raising registration fees will also force many PA companies with locations in other states to register their trucks in more competitive states, thereby decreasing the amount of revenue PennDOT receives from them (PA will lose all title fees and potentially PA sales tax if trucks are titled and registered in other states).*
  - *This is especially true of trucks that are less than 26,000 and are not required to be apportioned (small businesses). They will not pay anything to PA if they are licensed in other states, not even fuel taxes if the fuel is purchased out of state.*
- *PA has a flat car registration fee. Many states calculate registration fees in other ways.*
  - *Though it is difficult to compare car registration fees because of differing ways that states charge, here is how PA's \$38 fee compares to surrounding state:*
    - *NJ: \$35.50 to \$84, based on weight*
    - *NY: \$26 to \$140, based on weight*
    - *OH: \$35.50*
    - *VA: \$40.17 to \$64, based on weight and type*
    - *WV: \$51.50*
  - *Other means to calculate car registration fees:*
    - *Weight – about 14 states*
    - *Age of car – about 9 states*
    - *Type of car – about 4 states*
    - *Value of car – about 9 states*
- *Changing the way in which vehicle registration fees are calculated would likely require legislation.*
- *Some TROC members have expressed that they believe heavy trucks should pay their “fair share.” It may be helpful to realize that class 25 trucks pay more than 61 times the registration fee as cars, no matter how heavy the car is.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *For car registration fee comparison, see here: [Vehicle Title, Tax, Insurance & Registration Costs by State for 2021 \(compare.com\)](#)*
- *For truck fee comparison, see here: [2021-Annual-State-and-Federal-Highway-User-Taxes-and-Fees.pdf \(truckingresearch.org\)](#)*
- *Truck and trailer registration fees in PA: [MV-70S \(1-10\)vertical \(state.pa.us\)](#)*
- *PennDOT payments and fees: [Payments and Fees](#)*
- *Depending on the means of increase chosen, PennDOT will need to calculate impact. For example, raising fees on specific classes of vehicle, as opposed to all vehicles, or incorporating other means of calculating registration (like weight or age of the vehicle).*

## Part 5 – Other Items of Note

### Other Items of Note

- *Consider impact on PA economic competitiveness of increasing transportation costs for commercial vehicles. This should include:*
  - *Loss of revenue, due to trucks registering out-of-state because of more competitive registration fees.*
  - *Impact on PA small businesses that must register their trucks in PA.*
- *Consider pushback on increasing any registration fees quickly; increasing fees over time may be more palatable.*

***Tolling Scenarios Work Group***

**Part 1 – Validation of Need**

Validation of Need
<ul style="list-style-type: none"> <li>▪ <i>Has the need been validated? Yes.</i></li> </ul>
Key Points Supporting Validated Need
<ul style="list-style-type: none"> <li>▪ <i>Consensus was that the group would like to support the administration’s letter that is seeking the federal expansion of tolling.</i></li> <li>▪ <i>Tolling is a mileage-based user fee.</i></li> </ul>
Gap Closures for Validation
<ul style="list-style-type: none"> <li>▪ <i>Everyone should pay something in general for transportation- not limited to tolls. Entities paying nothing or small contributions include bikes, Plain People, electric vehicles, and other groups or facets of transportation where applicable.</i></li> </ul>

**Part 2 – Identification and Prioritization of Revenue Options**

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>Corridor tolling</i></li> <li>▪ <i>Interstates proposed by P3 with higher congested areas</i></li> <li>▪ <i>Road users’ charges (LT)</i></li> </ul>
Limited Potential
<ul style="list-style-type: none"> <li>▪ <i>Fee and taxes</i></li> <li>▪ <i>Congestion pricing</i></li> <li>▪ <i>Unsure</i></li> <li>▪ <i>Managed lanes (LT)</i></li> </ul>
No Potential
<ul style="list-style-type: none"> <li>▪ <i>Secondary/tertiary roads connected to roads being tolled. We also need to factor those costs in the proposal.</i></li> </ul>

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *Tolling is a valid option but there are many things to consider and many additional ways to raise monies that are not tied to tolling.*
- *Tolling can be a viable option in all form but is limited based on traffic volumes and congestion.*
- *Other than that PA wants to toll more roads and bridges in this proposal, what is the difference between what was submitted three times by the Rendell Administration to both Bush 43 and Obama Administrations, and the current Wolf Administration proposal?*
- *We currently have a signed reciprocity agreement with Delaware, although it is not implemented yet, based on some issues in Delaware. With that said, the issues are complex since Delaware law only allows for a hold on a registration, meaning the customer can't renew until they pay the toll. In PA, it is a suspension, which is more immediate as opposed to waiting until the registration expires.*
- *I understand the P3 focus but it has to be tied to the larger picture in PA and nationally.*
- *Tolling bridges and/or interstates needs to be tied into other aspects of what the Biden Administration is doing on American Jobs Plan and FAST Act Reauthorization.*
- *We also have to be able to demonstrate improvements for additional revenues requested here and elsewhere.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *Would be curious to see how PA compares with other states.*
- *Would like to see more on other states what done in regard to tolling. Not just limited to I-95 Corridor, either.*
- *Mark would be the authority on what other jurisdictions are doing related to what is tolled and the fees charged. I can tell you from a motor vehicle perspective, we currently have enabling legislation that allows PennDOT to suspend registrations for customers who fail to pay tolls and penalties. We work closely with PTC and once a customer is given appropriate notification and time to respond, we can suspend the registration indefinitely until the PTC is paid by the customer.*

- *Many in the DMV and tolling environment have called for a systematic approach. This approach utilizes a clearinghouse concept amongst jurisdictions to address the interoperability of programs to ensure vehicles are suspended when tolls are not paid and quickly reinstated when tolls and any penalties have been satisfied. The International Registration Plan is a similar model, although not directly transferable, that some have noted. This ultimately may require federal leadership to help facilitate.*
- *Currently Massachusetts, Maine, and New Hampshire have a reciprocity agreement between these states to suspend (hold) vehicle registrations for unpaid tolls. I believe New York has just recently joined in this agreement. To quantify the sophistication of that process, the last I knew some of the process relied on excel spreadsheets to track information.*
- *Are there more cost-efficient ways to both collecting tolls from drivers and also going back to recouping those who did not pay?*

## Part 5 – Other Items of Note

### Other Items of Note

- *All new builds should evaluate a tolling option scenario.*
- *Consider discounts for PA businesses (those purchasing something like toll pass). Do other states do this?*
- *Use of passes or something for local drivers; outside drivers into area would have higher costs.*
- *A concept not mentioned in prior discussions: What about PennDOT marketing products like the PA Department of Aging with a mascot? Examples: Toll passes, EZ Passes with discounts, mascots (i.e., Travis and Tricia [PennDOT]); similar to Aging, they have Gus the Groundhog. Encourage purchase of these as gifts (like lottery tickets).*
- *Discounted tolls or pass for lower income drivers or more rural areas.*

***Taxing Scenarios Work Group***

**Part 1 – Validation of Need**

Validation of Need
<ul style="list-style-type: none"> <li>▪ <i>Has the need been validated? Yes</i></li> </ul>

**Part 2 – Identification and Prioritization of Revenue Options**

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>MBUF. More specifics needed. Monitoring from vehicle or periodic check-ins for mileage? There is value in direction from federal government and/or participation with other states. Long-term but more study required. (LT)</i></li> <li>▪ <i>Increase registration fee for all MVs. The increase is simple and uses existing processes and systems. Impact could be immediate. A concern has been expressed about compliance with registration requirements. Legislation is required. Ease of administration is key. (ST)</i></li> <li>▪ <i>Establish EV-specific registration fees. Address this now so the revenue will grow with transition of fleet to EVs. Will need to be coordinated with federal EV fee proposal. The handling of EV heavy trucks must be coordinated with IFTA. (ST)</i></li> <li>▪ <i>Reallocate state police funding. Need to find new funding source in GF. (ST)</i></li> <li>▪ <i>Tolling should be for designated assets to cover their direct costs and impacts including interstates, bridges, and tunnels. Federal approvals are required for Interstates to be tolled. Current discussion about engaging on this requirement (timing uncertain).</i></li> <li>▪ <i>Truck/freight tolling. Justification is that the trucks cause road damage. Concern for competitiveness. Some other ports of entry would be able to take advantage.</i></li> <li>▪ <i>Raising the gas tax. Is an inflation index possible for adjusting this? It is currently tied to the average wholesale price; shift to CPI? The increase would be gradual and help eliminate the flat/decreasing nature of fuel tax based on efficiency. Ease in implementation for what is currently about 75% of revenue. While not the long-term solution, this will have stabilizing impact on transportation revenues long-term. The approach is “keep the current structure (gas tax) and fill the gaps with new tax sources.” Provides for phase-in period for MBUF. Further research to reference other states’ plans and actions, specifically to fuels taxation.</i></li> <li>▪ <i>Motor vehicle sales tax. Dedicate to transportation. Replacing this funding source for GF is a concern.</i></li> </ul>

- *Personal property tax (property value of vehicles) The tax would be an annual “Kelly Blue Book” value-driven imposition. A new form and new process is required. Perhaps could piggyback existing vehicle registration. Registration compliance issues could result.*
- *Sales tax on retail sale of motor fuel. Potential tax avoidance issue on cash sales. There was some specific discussion on this being imposed locally/regionally through state (existing) administration. (e.g., funding stream for SEPTA which serves the Delaware Valley region). However, there is a constitutional limitation for excise taxes on fuel and registrations to be dedicated to highways and bridges.*
- *Congestion fee pricing – a user fee (toll) imposed at higher volume traffic times of day.*
- *Delaware River Port of Philadelphia. Consider greater administrative coordination between PA, DE, and NJ ports. Tax/revenue on and from the ports could also be coordinated. Similar considerations are required for PA’s other ports, Erie and Pittsburgh.*
- *Personal income tax. Not transportation related. Relative low rate. Well-established existing revenue source that would have low administrative cost. Reliable funding potential. Noted that non-traditional sources are needed to fund multi-modal requirements (as opposed to funding sources restricted to highways, roads, and bridges only).*
- *Parking taxes. Discussed (and it currently is included) as a local government revenue source.*

No Potential

- *Recreational cannabis. An uncertain revenue source that is not transportation related.*
- *Severance tax. Proposed multiple times without traction.*
- *Shipping excise tax. Flat cost or percent per box delivered. Constitutional concerns to treat shipments uniformly. Interstate commerce clause issues are also raised. Raises the question of whether online retailer could be charged when it delivers goods, but in-store retailers would not be charged based on what is purchased from its shelves.*

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *Identification of general direction and commitments on infrastructure, both federal and state, must be taken into account for tax/revenue planning.*
- *Efficient administration.*
- *Controlling costs are critical. Procurement procedures can raise the cost of competitively bid infrastructure contracts. State funding and greater flexibility in private procurement and spending rather than simple government procurement.*
- *Another cost consideration is prevailing wages. This is a concern that can drive up costs of state-funded projects.*
- *Constitutional questions (e.g., sales tax on fuel for MVs and at airports).*
- *Compliance—following the rules and the cost of doing so. Are there compliance measures (on the margin) that can enhance current tax collections or be addressed to improve tax proposals?*
- *Tax within the scope of transportation. In other words, keep the revenue source close to transportation and is justified by proximity to this activity/infrastructure.*
- *Be sure to plan not only for one-time expenditures (building/construction) but also maintenance.*
- *General observation: As revenue sources are considered, they should be tied closely to the direct users and not introduce new taxes to indirectly impacted actors.*
- *Specific observation for local governments – should they be enabled to tax and generate local funding for transportation infrastructure and systems? This option could be explored for regions (not just counties or municipalities) to support regional infrastructure.*
- *General observation: State can, as an option, administer and collect local taxes and be responsible for distribution. It does this for Philadelphia/Allegheny County sales taxes.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *Compare tax/revenue proposals with other states' rates and fees.*

**Local Funding Solutions Work Group**

**Part 1 – Validation of Need**

Validation of Need
<ul style="list-style-type: none"> <li>▪ <i>Has the need been validated? No.</i></li> </ul>
Key Points Supporting Validated Need
<ul style="list-style-type: none"> <li>▪ <i>The work group is uncertain if the cost of locally owned assets is included in the \$9 billion-dollar figure. Local governments own a lot of transportation-related assets and even if we just focus on those assets that are roads and bridges, we need to capture a “planning number” for replacing. More than half of the transportation system (first and last mile) is not on the statewide system.</i></li> <li>▪ <i>Ability to develop options for county (local government and/or the MPO/RPO) to increase fees locally to then leverage state/federal funds. Smaller governments will be difficult to do.</i></li> </ul>
Gap Closures for Validation
<ul style="list-style-type: none"> <li>▪ <i>Local roads and bridges</i></li> <li>▪ <i>Traffic signals</i></li> <li>▪ <i>Stormwater</i></li> <li>▪ <i>Transit</i></li> <li>▪ <i>Landslides/sinkholes and roadway impacts</i></li> </ul>

**Part 2 – Identification and Prioritization of Revenue Options**

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>ST: Highway Occupancy Permit (HOP) should have an impact fee that goes to the MPO/RPO for enhancements and impact fees on new-trip generation. When someone applies for a HOP, discussion always centers around the issue of what is the impact the development will have on the network. Is a new trip ever not an impact? There should be a funding source directly tied to network improvements that are generated by new trips. Especially true with major distributions centers (i.e., assess fee per dock door or on freight volume) in order to address network improvements. Should be a statewide fee structure vs county by county.</i></li> </ul>

- *ST: When an HOP permit is triggered and a transportation improvement is required (signal needed, turning lane, etc.), the developer should pay for the improvement and not taxpayers or local government. This is especially true via multimodal funding and should be looked at through both PennDOT and DCED. Possibly combine into one multimodal fund.*
- *LT: Changing of the formula that allocates funding to municipalities including counties. Our understanding is the distribution is based on gas tax revenues from 1931 and 1932 for counties and road miles for municipalities. We are hoping that whatever replaces the gas tax will continue to be allocated to municipalities as well, but with a different allocation formula. Population and road mile is an outdated formula.*
- *ST: State Police removed from Motor License Fund. Fee that some local municipalities don't pay for police coverage and use the state police to provide coverage. Some just can't afford their own local force or feel they don't need it.*
- *LT: Coordinating with private sector utilities and communication companies to explore collaborating on the use of the extensive ROW that PennDOT has to promote the improvement and expansion of public utilities (including broadband) with fees coming back to PennDOT (MPO/RPOs) for the use of their ROW. Being one entity with an extensive amount of ROW would allow for a simplified or single entity utilities and communication companies would have to deal with (PUC regulations allow utilities to get free real estate).*
- *ST: Local road impact fee for e-commerce deliveries, such as Amazon, Walmart or other online retailers. Fee on the gross receipts of purchases of retail goods that are delivered through various forms of transportation, including autonomous and manual delivery vehicles and drones. Adding additional costs to e-commerce deliveries for first and last mile infrastructure improvements; for example, .50 cents (increased rate based on the weight of package or value of package) and increases of .05 cents per year. How much would that generate? Portion to the state and portion to local.*
- *LT: Freight charge per ton, per mile (all modes). Let's face it—shipping isn't free, even though everyone is offering it and more and more people are having home deliveries. A ton-based tax would charge shippers a flat fee for every ton of freight moved. Especially true with major distributions centers (i.e., assess fee per dock door or on freight volume) in order to address network improvements. Should be a statewide fee structure vs count - by-county.*

## Limited Potential

- *County \$5 fee needs approval to increase over time, based on a vote by the local/county government. There is also a reason so few counties adopted this fee. Some, especially in rural areas, would take years to generate enough funds for one bridge replacement.*
- *ST: Coronavirus stimulus funds. Are local governments/counties receiving these funds allowed to spend on local transportation assets? Still waiting on Treasury to make the rules public.*

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *Regarding the local road impact fee for e-commerce deliveries—how much have e-commerce sales grown in Pennsylvania? Balance of dollar value vs weight of delivery.*
- *Local fee for food delivery (Uber, Lyft; Grub Hub, local pizza shop, etc.)*
- *Local sales tax (.5 to 1%) by MPO/RPO region that gets put back directly into that regions transportation system? This could be used to fund public transit vs the property tax.*
- *Mandate relief (i.e., environmental), especially unfunded mandates.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *Each MPO and RPO did an inventory of local roads and bridges. The consulting team should gather that statewide information to develop and include an average replacement costs in the final dollar figure needed.*
- *We assume that funding should be centered around people who own vehicles, but even those without vehicles benefit from a good and well-maintained transportation system. Perhaps we need to look at a flat fee for every person.*
- *Consulting team should evaluate the cost of “doing nothing” and spell that out very clearly in the final report. That should include closing of assets, elimination of transit service/routes, etc.*
- *Consulting team should evaluate eliminating duplicate or redundant assets, especially between state owned and locally owned. Which structures, roads, and transit routes still serve a purpose and need, and which ones are critical to putting resources toward.*

## Part 5 – Other Items of Note

**Other Items of Note**

- *Changes to tax policies, with removal of loopholes and excluded items.*
- *Local governments and project sponsors lack the ability to match federal and state resources. Give local government/counties the options to generate local funds.*
- *Mandate relief (i.e., environmental) especially unfunded mandates.*
- *Tax credit for P3 projects to make investments in local assets. It's not all about collecting tolls.*

***PSP Funding Workgroup***

**Part 1 – Validation of Need**

**Validation of Need**

- *Has the need been validated? Yes.*

**Key Points Supporting Validated Need**

- *On average, for calendar years 2020 and 2021, PennDOT's contract levels for road and bridge construction repair and maintenance projects are at or near the lowest levels since 2006. Contracts for design projects were put on hold in 2020 and need to resume to keep road and bridge improvements moving forward.*
- *The FY 2021 state budget diverts \$706 million from the Motor License Fund to the State Police budget. This means that more than 11 cents per gallon of the state's gas tax is not going to road improvements. By ending this shift of gas tax money and finding other dedicated funding streams for the State Police budget, PA could finance additional road and bridge projects and ensure the State Police are fully funded.*

Part 2 – Identification and Prioritization of Revenue Options

Revenue Options
High-Potential Revenue Sources (LT = long-term; ST = short-term)
<ul style="list-style-type: none"> <li>▪ <i>For FY 2022 and FY 2023, use a portion of Pennsylvania's share of American Rescue Plan monies to backfill the General Fund (\$1.3 billion in total) to pay for the important and critical work of the State Police. (ST)</i></li> <li>▪ <i>Alternate approach: Reduce the PSP funding down to the \$500M set in fiscal code as the base, and not try to completely eliminate now. That would be \$173M more for PennDOT in FY 21-22, another \$141M in FY 22-23, and a total of \$560M over the remaining fiscal years, included in the fiscal code until we hit the base funding level in FY 27-28.(ST)</i></li> </ul>
Limited Potential
<ul style="list-style-type: none"> <li>▪ <i>Long-term appropriate funding sources for transportation, the State Police, and the General Fund will take some time to evaluate given potential future federal and state revenue sources. Even with increasing applicable fees/assessments, PSP funding would still be insufficient if removal from the Motor License Fund is realized. General government operations funding seems to be how a majority of other states fund a substantial amount of their law enforcement agencies budgets. Twenty-six states use state highway fund dollars to fund the state highway patrol. PSP is not merely a highway patrol but a full-service department. (LT)</i></li> </ul>
Little Immediate Potential
<ul style="list-style-type: none"> <li>▪ <i>There does not seem to be great momentum for passing the municipal fee for those entities relying on PSP for public safety. Although there is some support the current version of the municipal fee as fairly equitable; it does not totally fund the PSP budget and would need to be augmented with additional revenue of some sort.</i></li> </ul>

## Part 3 – Special Considerations and Concerns

### Special Considerations and Concerns

- *The topic is sensitive, as it could be interpreted as cutting the State Police budget. This workgroup should not only be about accelerating PSP funding reduction, which alone will not solve the funding issue of the Department of Transportation, but of equal importance how to adequately and sustainably fund the Pennsylvania State Police.*
- *On the use of ARP monies for short-term solutions, there will be significant pressure on this funding so it would be best to have some options to better allow transportation funding to remain part of the final conversation of the distribution of these federal recovery dollars.*

## Part 4 – Analytical and Data Needs

### Analytical and Data Needs

- *The 2017 Legislative Budget and Finance Commission analysis of the issue should be reviewed for completeness of data points.*
- *Mentimeter comment: Other states have successfully addressed ending state police related diversions from transportation funding and resources. Their approaches could provide ideas and insights as a source of consideration for this group.*
- *Additional data points:*
  - *Twenty-six states use state highway fund dollars to fund the state highway patrol.*
  - *Forty states use general fund monies to fund the state highway patrol.*
  - *Seventeen states have considered legislation or state action to address state highway patrol funding.*
  - *Of these states, 14 considered an alternative or new funding source for the state patrol.*
  - *Thirty-five states use a special fund or a dedicated revenue source to fund a portion of state highway patrol functions.*
  - *Eleven states currently impose caps or rules limiting funding that can be received by the state highway patrol.*
  - *Forty states use General Fund monies to fund the state highway patrols. Again, PSP is not merely a highway patrol but a full-service department.*

Part 5 – Other Items of Note

**Other Items of Note**

- *The title of this subcommittee needs to be changed. The topic intent is not PSP Funding Reduction. Rather, the goal is to ensure full funding of the PSP with other than highway user fees at such a high amount.*