AGENDA

1. Meeting Objectives
2. Commission Chair’s Opening Remarks
3. Schedule/Milestones Review
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.
**SCHEDULE/MILESTONE REVIEW**

**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

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

**TRANSPORTATION REVENUE OPTIONS COMMISSION**
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
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

Average Annual Revenue Options

- Taxes
  - $1,290,000,000
  - 35%
- Fees
  - $787,841,667
  - 22%
- PA State Police
  - $619,666,667
  - 17%
- Other
  - $952,000,000
  - 26%
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Phase 1: Average Addressed Gap = $4 Billion

**Compiled Results**

- $11,000,000,000
- $9,000,000,000
- $7,000,000,000
- $5,000,000,000
- $3,000,000,000
- $1,000,000,000

**TRANSPORTATION REVENUE OPTIONS COMMISSION**
Compiled Results

- $13,000,000,000
- $11,000,000,000
- $9,000,000,000
- $7,000,000,000
- $5,000,000,000
- $3,000,000,000
- $1,000,000,000

Local Solutions
Multimodal
Tolling
Vehicle Registration
Transit
Taxing and Other Revenue Scenarios

Average Addressed Gap = $4.8 Billion

Surplus Revenue
Remaining Gap
Addressed Gap
Today's Projected Funding Gap

Transportation Revenue Options Commission
**Compiled Results**

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Average Addressed Gap = $9.3 Billion
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)
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

- Corridor Tolling: $2,350,000,000
- Major Bridge P3: $0

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Managed Lanes (Limited Lane Tolling) $240,000,000

Congestion Pricing $0
TOLLING SCENARIOS

Ad Valorem Vehicle Tax

Vehicle Registration Fees: $750,000,000

Tolling Scenarios: $750,000,000
TOLLING SCENARIOS

EV MBUF Pilot

$2,000,000
Vehicle Registration Fee

Transportation Network Companies (Uber, Lyft, etc.)

Vehicle Rental Fee

TRANSPORTATION REVENUE OPTIONS COMMISSION
VEHICLE REGISTRATION FEES

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<td>Taxing and Other Revenue</td>
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Electric Car Fee

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VEHICLE REGISTRATION FEES

Aircraft Registration Fees

- Multimodal: $200,000
- Local Solutions: $300,000
- Transit Revenue Sources: $0
- Vehicle Registration Fees: $300,000
- Tolling Scenarios: $0
- Taxing and Other Revenue Scenarios: $0
TAXING SCENARIOS

- Vehicle Sales Tax
- Sales Tax, currently 6% (5.497 TD)
- Goods Delivery Excise Tax

- Multimodal
- Local Solutions
- Tolling Scenarios
- Transit Revenue Sources
- Vehicle Registration Fees
- Taxing and Other Revenue Scenarios

TRANSPORTATION REVENUE OPTIONS COMMISSION
TAXING SCENARIOS

Corporate Income Tax (currently 9.99%)
Personal Income Tax (currently 3.07%)
Real Estate Transfer Tax (1%)

Multimodal
Local Solutions
Transit Revenue Sources
Taxing Scenarios

All Current MVST to Transportation Funding

$1,400,000,000

$0

$200,000,000

$400,000,000

$600,000,000

$800,000,000

$1,000,000,000

$1,200,000,000

$1,400,000,000

$1,600,000,000

Taxing and Other Revenue Scenarios
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
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

TRANSPORTATION REVENUE OPTIONS COMMISSION
TRANSIT REVENUE SOURCES

$13,000,000,000
$11,000,000,000
$9,000,000,000
$7,000,000,000
$5,000,000,000
$3,000,000,000
$1,000,000,000
$1,000,000,000
$3,000,000,000
$5,000,000,000
$7,000,000,000
$9,000,000,000
$11,000,000,000
$13,000,000,000
$15,000,000,000

Surplus Revenue  Remaining Gap  Addressed Gap  Today's Projected Funding Gap

TRANSPORTATION REVENUE OPTIONS COMMISSION
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

TRANSPORTATION REVENUE OPTIONS COMMISSION
MARIJUANA

Multimodal: $500,000,000
Vehicle Registration Fees: $300,000,000
Tolling Scenarios: $300,000,000

TRANSPORTATION REVENUE OPTIONS COMMISSION
GAMBLING

$500,000,000

$500,000,000

$300,000,000

$0

$100,000,000

$200,000,000

$300,000,000

$400,000,000

$500,000,000

$600,000,000

Multimodal

$500,000,000

Vehicle Registration Fees

$300,000,000

TRANSPORTATION REVENUE OPTIONS COMMISSION
PA TURNPIKE FUNDING

TRANSPORTATION REVENUE OPTIONS COMMISSION
TOWARD CONSENSUS

Comments and Considerations from TROC Members
Larry Shifflet, TROC Executive Director and PennDOT Deputy Secretary for Planning
PRESENTATION FOCUS

- American Jobs Plan
- FAST-Act Reauthorization
- Communication
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
Local
  • Earmarks

State
  • AASHTO

Federal
  • Congressional Delegation
Opportunity for Public Comment

A Look Ahead to June 24
  - Package Delivery Fees
  - Review of Funding Proposal Scenarios and Key Content of Final Report
Go to menti.com
Use your browser, tablet or smartphone.