1. Meeting Objectives
2. Commission Chair’s Opening Remarks
3. Submission Plan
4. Strategic Funding Proposal
   ▪ Review of Draft Final, and . . .
   ▪ Comments Review and Disposition
5. Next Steps to Advance the Proposal
6. Meeting Summary and Public Comments
7. Commission Chair’s Closing Remarks
MEETING OBJECTIVES

- To summarize comments received and their resolution.
- To review highlights of the Draft Final Strategic Funding Proposal.
- To review the submission plan.
- To discuss next steps for advancing the proposal.
COMMISSION CHAIR’S OPENING REMARKS

Secretary of Transportation,
Yassmin Gramian

TRANSPORTATION REVENUE OPTIONS COMMISSION
Nine TROC meetings

Eight work group collaborations

1. Multimodal Revenue Sources
2. Transit Revenue Sources
3. Mileage-Based User Fees
4. Vehicle Registration Fees
5. Tolling Scenarios
6. Taxing and Other Revenue Scenarios
7. Local Solutions
8. PSP Funding
Nine briefings

- **National Perspective** (Dr. Alison Premo Black and Carolyn Kramer)
- **Planning and Environmental Linkages** (PEL) [Provided through video link]
- **Multimodal** (Jennie Granger)
- **MBUF Presentation** (Patricia “Trish” Hernden, Ph.D.)
- **Highway Overview** (Mike Keiser)
- **Federal Funding Initiatives** (Larry Shifflet)
- **Package Tax/Fee Feasibility** (Jennie Granger)
- **PennDOT Maintenance Funding** (Mike Keiser)
- **Modernization and Efficiencies** (Larry Shifflet, Michael Keiser, and Kurt Myers)

Numerous reviews and revisions of a 39-page report
Minor editing continues through Thursday
InDesign formatting completed by COB Thursday
Submission on Friday, July 30
PDF of proposal provided to TROC members simultaneously
STRATEGIC FUNDING PROPOSAL
Major Categories of Feedback Received

- Local Solutions
- Multimodal
- Intergovernmental Partnership
- Efficiencies
- Consequences of Inaction
- Making the Case
- Next Steps (especially work group leaders)
Pennsylvania’s Transportation Funding Gap

- $9.35 billion state-level funding gap (growing each year)
- $8.8 billion PennDOT’s current annual budget (approximately 75% state funding and 25% federal funding)
- $18.15 billion PennDOT’s needed annual budget (with increases for inflation) to keep the state-owned transportation system in a state of good repair

Local transportation funding is also inadequate. The column graph only depicts need for the state-owned system. The current local unmet funding need is estimated to be $3.9 billion per year, growing to $5.1 billion per year by 2030.

Although addressing local needs was not part of TROC’s core assignment, local infrastructure is a vital part of the statewide transportation system. See the Local Solutions section for additional discussion on local options.
PennDOT’s Current Funding by Source

$8.8 billion annual budget
(Fiscal Year 2021-22)

- **PA Public Transportation Assistance Fund**: 3% ($280M)
- **PA Lottery Fund**: 2% ($170M)
- **PA Multimodal Transportation Fund**: 2% ($150M)
- **PA Public Transportation Trust Fund**: 16% ($1.41B)
- **Other Funds**: 1% ($70M)
- **PA Motor License Fund**: 52% ($4.59B)
- **Federal Funds – Highway & Bridge**: 21% ($1.92B)
- **Federal Funds – Multimodal**: 3% ($250M)
Gas Tax as a Percentage of Total Transportation Revenue, by State

- New York: 18%
- Delaware: 22%
- Virginia: 26%
- New Jersey: 32%
- Maryland: 41%
- Ohio: 52%
- West Virginia: 60%
- Pennsylvania: 78%
PennDOT Loss in Buying Power
Impact of Inflation and Reduced Consumption on Motor Fuels Revenue

$7.6 billion cumulative loss in buying power
FY 2021-22 through FY 2030-31

- Buying Power
- Revenue - Projected
- Revenue - Flat

## Figure X. Strategic Transportation Funding Proposal

<table>
<thead>
<tr>
<th>Proposed Revenue Source</th>
<th>Description</th>
<th>Brief Rationale</th>
<th>Phase 1 (Years 1 and 2)</th>
<th>Phase 2 (Years 3 and 4)</th>
<th>Phase 3 (Years 5 and Beyond)</th>
<th>Assumptions and Basis for Estimate</th>
<th>Use Restrictions</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Road User Charges</strong></td>
<td></td>
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</tr>
<tr>
<td>Mileage-Based User Fee (MBUF)</td>
<td>Implement an E3 cents-per-mile MBUF on all miles traveled in Pennsylvania.</td>
<td>MBUF is the long-range funding solution for gas tax replacement. National implementation is expected. MBUF has the opportunity to generate significant additional revenues.</td>
<td>$0</td>
<td>$0</td>
<td>$8,930,060.00</td>
<td>8.1 cents per mile would yield the targeted revenue amount at 0.2 billion miles traveled multiplied by 81 cents</td>
<td>No restriction on use</td>
</tr>
<tr>
<td>Electric Vehicle (EV) MBUF Pilot</td>
<td>Implement a pilot MBUF for electric vehicles.</td>
<td>The growing prevalence of electric vehicles provides a useful pilot to prepare for MBUF and to capture a fair share of revenue from those using the system but not paying gas tax.</td>
<td>$2,000,000</td>
<td>$2,522,000</td>
<td>$2,251,000</td>
<td>Rate determined by the targeted additional revenue of $2 million.</td>
<td>No restriction on use</td>
</tr>
<tr>
<td><strong>Tolling</strong></td>
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</tr>
<tr>
<td>Corridor Tolling</td>
<td>Toll expressways based on the distance traveled along that highway.</td>
<td>Corridor tolling supports transition to MBUF implementation. Traffic volumes support corridor tolling.</td>
<td>$0</td>
<td>$2,444,940.00</td>
<td>$2,545,796.00</td>
<td>Rate determined by the targeted additional revenue of $2.2 billion.</td>
<td>No restriction on use</td>
</tr>
<tr>
<td>Managed Lanes (Limited Lane TOLLing)</td>
<td>Toll additional lanes on a highway where the traffic is regulated by charging a toll or by encouraging carpooling.</td>
<td>Managed lanes are a revenue-generating mechanism suitable for a limited number of high-volume roads or road segments. Revenues flow to the improvement and maintenance of the facility, not for other purposes.</td>
<td>$0</td>
<td>$269,010.00</td>
<td>$0</td>
<td>Rate determined by the targeted additional revenue of $2.25 million.</td>
<td>Restricted to State Highways and Bridges</td>
</tr>
<tr>
<td><strong>Redirection of Funding</strong></td>
<td></td>
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</tr>
<tr>
<td>PA State Police Funding</td>
<td>Eliminate transfers from the Motor Vehicle Fund to the State Police and replace those amounts from the General Fund.</td>
<td>MFL dollars should be used for transportation; other more appropriate funding sources should be used for State Police.</td>
<td>$672,000,000</td>
<td>$609,000,000</td>
<td>$545,000,000</td>
<td>The PSP amount currently to be paid out of the Motor Vehicle Fund per the Fiscal Code Reduction.</td>
<td>Restricted to State Highways and Bridges</td>
</tr>
<tr>
<td><strong>Fees</strong></td>
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</tr>
<tr>
<td>Vehicle Registration Fee</td>
<td>Increase all vehicle registration fees 100%.</td>
<td>The proposed increase aligns with the &quot;user pays&quot; principle and brings the fee more in line with costs to improve, maintain, and operate the system.</td>
<td>$800,000,000</td>
<td>$832,000,000</td>
<td>$865,000,000</td>
<td>The current Department of Revenue (DOR) estimate is $799 million for FY 2022-23.</td>
<td>Restricted to State Highways and Bridges</td>
</tr>
<tr>
<td>Electric Vehicle Fee</td>
<td>Introduce a $275 fee for electric vehicles.</td>
<td>Electric vehicles are a rapidly increasing segment of the vehicle fleet.</td>
<td>$4,150,000</td>
<td>$4,938,000</td>
<td>$5,242,000</td>
<td>Assumes a higher conversion to electric vehicles in future years.</td>
<td>Restricted to State Highways and Bridges</td>
</tr>
</tbody>
</table>
REVIEW OF DRAFT FINAL

Phase 1
Years 1 and 2
$3.5

Phase 2
Years 3 and 4
$6.6

Phase 3
Year 5 and Beyond
$11.5
Feasible funding targets by phase aim to close the funding gap over time.
## Funding Proposal Summary by Revenue Type

<table>
<thead>
<tr>
<th>PROPOSED REVENUE TYPE</th>
<th>PHASE 1 (Years 1 and 2)</th>
<th>PHASE 2 (Years 3 and 4)</th>
<th>PHASE 3 (Year 5+)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Road User Charges (MBUF)</td>
<td>$2,000,000</td>
<td>$2,122,000</td>
<td>$8,932,316,000</td>
</tr>
<tr>
<td>Tolling</td>
<td>$0</td>
<td>$2,705,040,000</td>
<td>$2,543,716,000</td>
</tr>
<tr>
<td>Funding Redirection</td>
<td>$673,000,000</td>
<td>$609,000,000</td>
<td>$545,000,000</td>
</tr>
<tr>
<td>Fees</td>
<td>$1,712,420,000</td>
<td>$1,991,864,000</td>
<td>$2,072,438,000</td>
</tr>
<tr>
<td>Taxes</td>
<td>$635,167,000</td>
<td>$786,798,000</td>
<td>$992,343,000</td>
</tr>
<tr>
<td>Other</td>
<td>$450,000,000</td>
<td>$468,180,000</td>
<td>$487,095,000</td>
</tr>
<tr>
<td>Eliminate Gas Tax</td>
<td>$0</td>
<td>$0</td>
<td>-$4,088,301,000</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$3,472,587,000</strong></td>
<td><strong>$6,563,004,000</strong></td>
<td><strong>$11,484,607,000</strong></td>
</tr>
</tbody>
</table>
The TROC proposal is an integrated package that achieves the funding targets for each phase of implementation.
1. Work collaboratively with the Wolf Administration to act on the proposal.

2. Continue to expand and strengthen a coalition.

3. Establish leadership and technical teams to support the General Assembly and Administration.

4. Adhere to a six-month timeline for acting on TROC’s proposal.

5. Secure sponsor(s) to introduce the TROC proposals as legislation.

ACKNOWLEDGMENT

PA Senator Pat Browne, Chair, Senate Appropriations Committee
PA Senator Vincent Hughes, Minority Chair, Senate Appropriations Committee
PA Senator Wayne Langerholc, Jr., Chair, Senate Transportation Committee
PA Senator John Sabatina, Minority Chair, Senate Transportation Committee
PA Representative Matthew Bradford, Minority Chair, House Appropriations Committee
PA Representative Mike Carroll, Minority Chair, House Transportation Committee
PA Representative Tim Hennessey, Chair, House Transportation Committee
PA Representative Stan Saylor, Chair, House Appropriations Committee
Gene Barr, Pennsylvania Chamber of Business and Industry
Carl Belke, Keystone State Railroad Association
Becky Bradley, Lehigh Valley Planning Commission
Howard A. Cohen, Esq., Temple University, Fox School of Business
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
Christina Edgerton, Pennsy Supply
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
Ted Leonard, Pennsylvania AAA Federation
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 Pennsylvania Transportation 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
Sarah Clark Stuart, Pennsylvania Pedalcycle and Pedestrian Advisory Committee
Secretary Jen Swails, Office of Budget
Andrew Swank, Swank Construction
Jerry Sweeney, Southeast Partnership for Mobility
Secretary Robert Torres, Pennsylvania Department of Aging
Laura Chu Wiens, Pittsburgh for Public Transit
George Wolff, Keystone Transportation Funding Coalition
Secretary of Transportation,
Yassmin Gramian