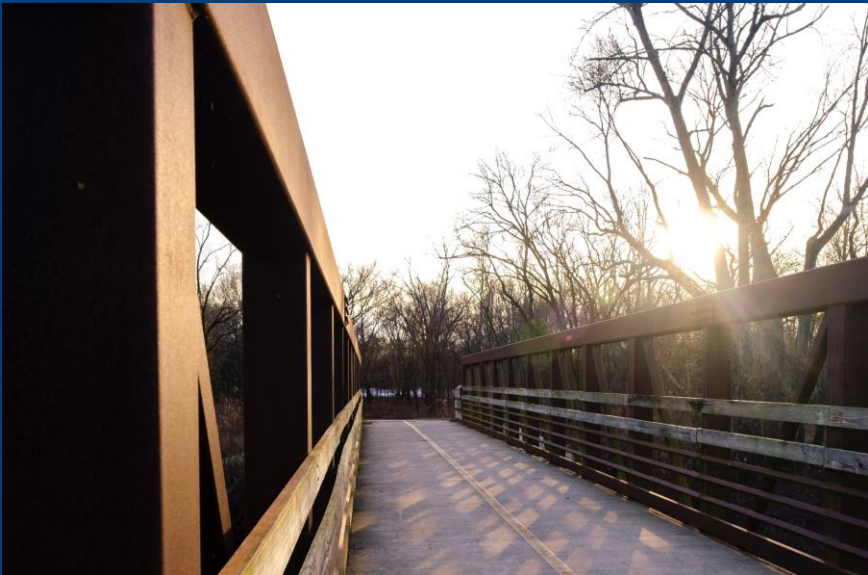


TRANSPORTATION REVENUE OPTIONS COMMISSION

PA



MAY 13, 2021

NAVIGATING ZOOM

The image shows a Zoom meeting window with a dark background. At the top, the title bar reads "Zoom Meeting" and includes window control icons. In the top right corner, there is a "Speaker View" button. The main area is split into two columns. The left column features the name "Paul Caulfield" and a set of audio controls: a "Mute" button with a microphone icon and an up arrow, and an "Unmute" button with a microphone icon, a slash, and an up arrow. A yellow callout box points to these buttons with the text "Click to mute or unmute your audio." The right column features the name "K.C. Yi-Taylor". Below the names, there are video controls: a "Stop Video" button with a video camera icon and an up arrow, and a "Start Video" button with a video camera icon, a slash, and an up arrow. A yellow callout box points to these buttons with the text "Click to Start/Stop your video." At the bottom center, there is a "Chat" button with a speech bubble icon. A yellow callout box points to this button with the text "Click 'Chat' to open the group chat panel." The bottom of the window features a toolbar with icons for "Mute", "Start Video", "Participants" (with a count of 2), "Chat", "Share Screen", "Record", and "Reactions". A red "Leave" button is located in the bottom right corner.

Zoom Meeting

Speaker View

Click to mute or unmute your audio.

Paul Caulfield

Mute Unmute

Click to Start/Stop your video.

Stop Video Start Video

Click "Chat" to open the group chat panel.

Chat

Mute Start Video Participants 2 Chat Share Screen Record Reactions Leave

AGENDA

1. Meeting Objectives
2. Commission Chair's Opening Remarks
3. Schedule/Milestone Review
4. Work Group Reports
 - Multimodal Revenue Sources
 - Transit Revenue Sources
 - Mileage-Based User Fees (MBUF)
 - Vehicle Registration Fees
 - Tolling Scenarios
 - Taxing Scenarios
 - Local Solutions
 - PSP Funding
 - Other
5. Briefing
 - Multimodal (Deputy Secretary Jennie Granger)
6. Meeting Summary and Public Comments
7. Commission Chair's Closing Remarks

MEETING OBJECTIVES

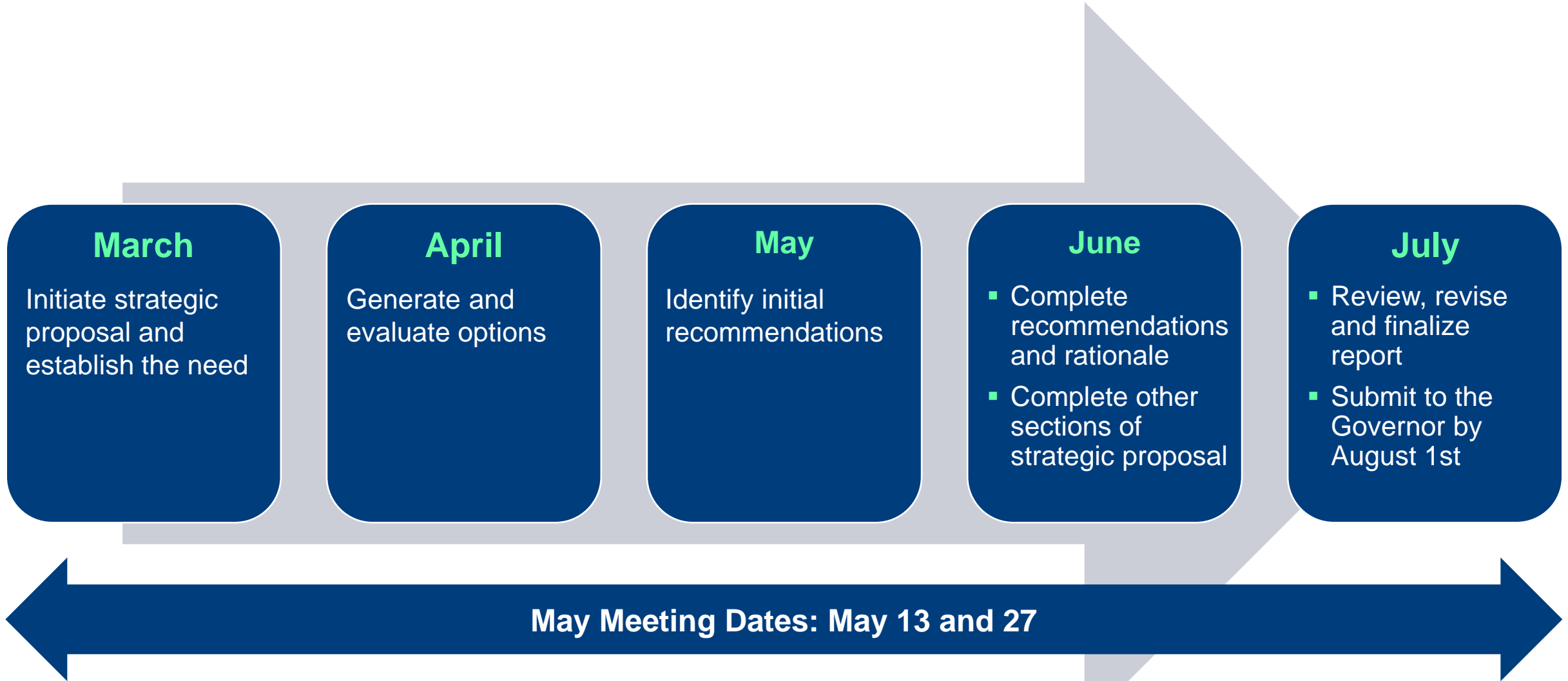
- To refine the evaluation of options as the basis for eventual recommendations
- To expand TROC's considerations of multimodal transportation needs and opportunities

COMMISSION CHAIR'S OPENING REMARKS



Secretary of Transportation,
Yassmin Gramian

SCHEDULE/MILESTONE REVIEW



WORK GROUP REPORTS



Go to [menti.com](https://www.menti.com)

Use your browser, tablet or smartphone.

MULTIMODAL REVENUE SOURCES

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **Tolling (ST) for locations, (LT) for the whole system** (federal policy change)
- **(LT) Rail Freight – MBUF – 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
- **(ST) Aviation – 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**
- **(ST) State Police Reallocation** for transportation uses
- **(ST) Sales Tax on aviation related purposes** – reallocation from General Fund back to Aviation purposes or for transportation overall
- **(ST) Vehicle Registration Fees Cars and Trucks**
- **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
- **Aircraft Registration Fees** – similar to how other transportation vehicles/equipment pays registration fees

MULTIMODAL REVENUE SOURCES

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **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
- **(ST) Marijuana Tax** – the opportunity to leverage for transportation purposes is important, knowing this will likely be legal based on the national trend toward legalization
- **(LT) Rail Freight favors tolling of the Interstate system** as a matter of pricing fairness

Limited Potential

No Potential

- **Corporate Taxes** – the likelihood of this being approved is way too limited and could drive business out of the state.

TRANSIT REVENUE SOURCES

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- (ST and LT) The Act 89 \$450M Turnpike payment for the provision of transit capital projects.
- (ST and LT; easy to begin implementation) TNC Mobility Fee for ride hailing companies.
- (ST and LT) Vehicle Sales Tax – examine potential modifications and increases to grow revenue source. 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.
- (ST and LT) Examine current amounts charged for vehicle tire, lease/rental fees associated with PTAF; consider increases, as well as future indexing.
- (ST and LT) Electric Vehicle Fees
- Continued state lottery funding for transit and ensuring continued viability of this revenue stream.
- (LT) Vehicle Miles Traveled
- (LT) Reduce PSP funding from the Motor License Fee.
- **NOTE 1:** 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.

TRANSIT REVENUE SOURCES

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **NOTE 2:** 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.

Limited Potential

- The [Southeast Partnership for Mobility](#) 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.
- The Partnership's highlighted funding options are included in the fact sheet linked [HERE](#) and attached to this submission. The full menu of funding options is included in Appendix B (Pages 46 – 53) of the final report: https://www.paturnpike.com/pdfs/about/SE_Mobility_Final_Report.pdf (also attached).

No Potential

MILEAGE-BASED USER FEE (MBUF)

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- There may not be any short-term or partial steps to implementing a MBUF system.
- 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.
- Raising awareness (education) of the need and potential to the general public.
- 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.

Limited Potential

No Potential

VEHICLE REGISTRATION FEES

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- (ST) Raise all vehicle registration fees immediately
- (ST) Raise all car registration fees immediately
- (ST) Raise all truck registration fees immediately
- (ST) Raise the fee for some categories of vehicles immediately
- (ST) Change the way in which registration fees are charged (for example, based on weight, age of vehicle, value of vehicle, type of vehicle)
- (LT) Raise all vehicle registration fees over time
- (LT) Raise car registration fees over time
- (LT) Raise truck registration fees over time
- (LT) Raise the fee for some categories of vehicles over time

Limited Potential

No Potential

TOLLING SCENARIOS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- Corridor Tolling – High
- Road Users Charges – High but longer term
- Fee & Taxes – Low
- Managed Lanes – Low & long term
- Congestion Pricing – Low
- High- Interstates proposed by P3 with higher congested areas
- No-Secondary/Tertiary Roads connected to roads being tolled—we also need to factor those costs in the proposal

Limited Potential

No Potential

TAXING SCENARIOS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **(LT) 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.
- **(ST) 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 w/ registration requirements. Legislation is required. Ease of administration is key.
- **(ST) 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) Reallocate state police funding.** Need to find new funding source in GF. (ST)
- **Tolling.** 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)
- **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.

TAXING SCENARIOS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **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.
- **Motor Vehicle Sales Tax.** Dedicate to transportation. Replacing this funding source for GF is a concern.
- **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.

TAXING SCENARIOS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **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/road/bridges only).
- **Parking taxes.** Discussed (and it currently is included) as a local government revenue source.

Limited Potential

TAXING SCENARIOS

Revenue Options

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 % 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.

LOCAL SOLUTIONS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **(ST) HOP should have an impact fee that goes to the MPO/RPO for enhancements** – Impact fees on new trip generation. When someone applies for a Highway Occupancy Permit, 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.
- **(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, not tax payers 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.

LOCAL SOLUTIONS

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **(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** and being one entity with an extensive amount of ROW it would allow for a simplified or single entity utilities and communication companies would have to deal with (PUC regulations allow utility's to get free real-estate.)
- **(ST) Local Road Impact Fee for e-commerce deliveries, such as Amazon, Walmart or other online retailers.** This fee on the gross receipts of purchases of retail goods that are delivered from various forms of transportation, including autonomous and manual delivery vehicles and drones. Adding additional costs to e-commerce deliveries for 1st and last mile infrastructure improvements—Example .50 cent (increased rate based on the weight of package or value of package) and increases .05 cents per year (Q: How much would that generate?) Portion to the state and portion to local.
- **Local Delivery Fee** – Uber/Lyft; grub hub, local pizza shop, etc.
- **(LT) Freight Charge–Ton–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 county by county.

LOCAL SOLUTIONS

Revenue Options

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 1 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

No Potential

PSP FUNDING

Revenue Options

High-Potential Revenue Sources (LT = long-term; ST = short-term)

- **(ST) 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) pay for the important and critical work of the State Police.
- **(ST) 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 DOT in Fy21-22, another \$141m in Fy22-23...and a total of \$560m over the remaining fiscal years, included in the fiscal code until we hit the base funding level in Fy27-28.

Limited Potential

- **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.

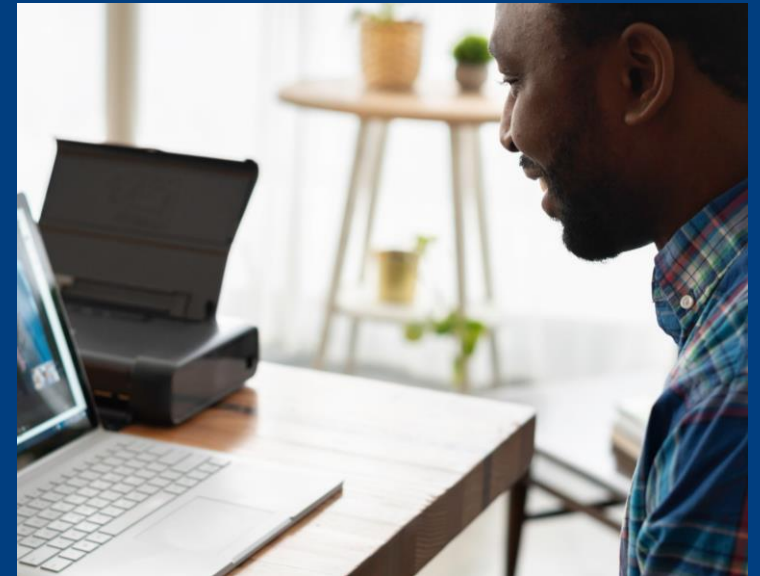
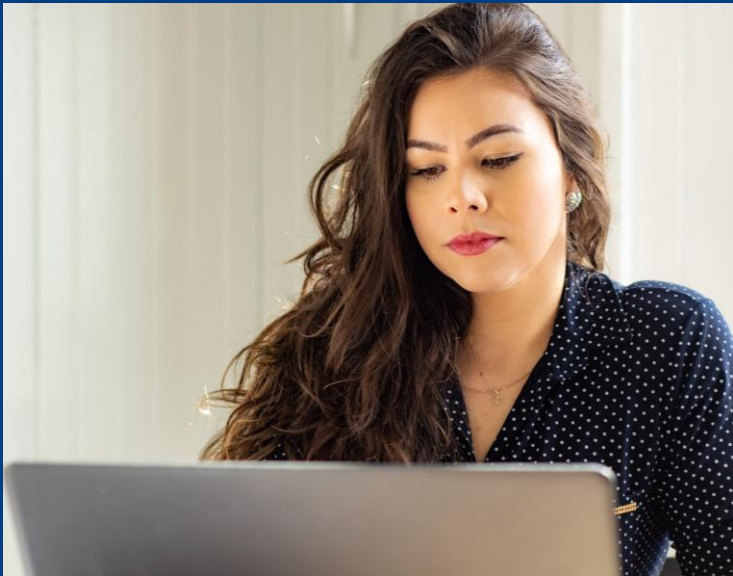
PSP FUNDING

Revenue Options

Little Immediate Potential

- 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.

BRIEFING



MULTIMODAL FUNDING UPDATES



Deputy Secretary,
Jennie Granger

MEETING SUMMARY AND PUBLIC COMMENTS

- Opportunity for Public Comment
- A Look Ahead to May 27
 - MBUF Presentation
 - Highways Overview
- Other Commission Member Input

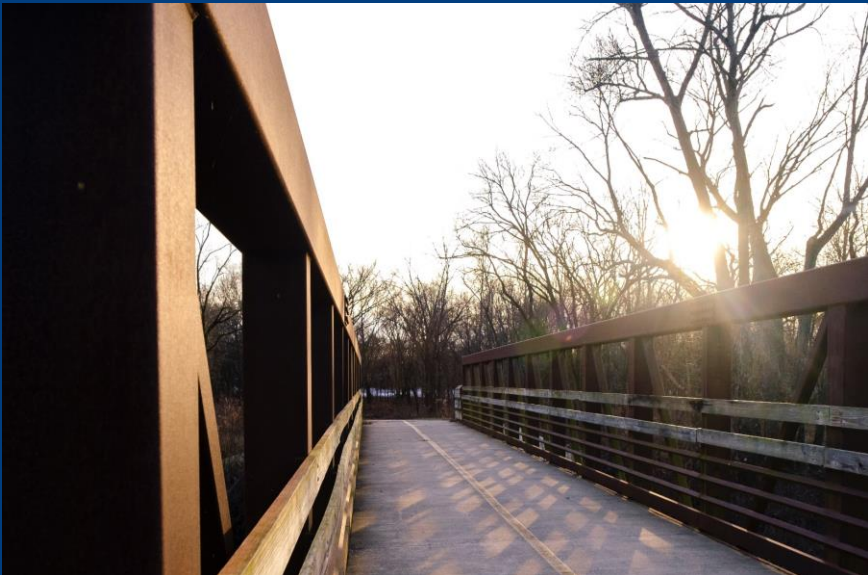
COMMISSION CHAIR'S CLOSING REMARKS



Secretary of Transportation,
Yassmin Gramian

TRANSPORTATION REVENUE OPTIONS COMMISSION

PA



MAY 13, 2021

Go to [menti.com](https://www.menti.com)

Use your browser, tablet or smartphone.