

TRANSPORTATION REVENUE OPTIONS COMMISSION (TROC)



MARCH 25, 2021

TROC

MATERIALS YOU HAVE RECEIVED

- Pennsylvania's Transportation Funding Options 2021
 - PennDOT Revenue Sources and Uses by Mode
 - Other States' Transportation Funding Choices
 - PennDOT's Current Funding Sources
 - Where Does PennDOT's Budget Go?
 - Agenda
-
- Link to Mentimeter and confidential code (in invitation)

AGENDA

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

MEETING OBJECTIVES

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

COMMISSION MEMBERSHIP

The Transportation Revenue Options Commission comprises leadership from:

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

COMMISSION MEMBERS

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

TRANSPORTATION BENEFITS


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TROC CHARGE

The Commission shall . . .

- Develop a comprehensive, strategic proposal for addressing the transportation funding needs of Pennsylvania (Executive Order 2021-02).
- Provide interim reports and recommendations to the Governor.
- Submit a final report no later than August 1, 2021.

Executive Order	
Commonwealth of Pennsylvania Governor's Office	
Subject: Governor's Transportation Revenue Options Commission	Number: 2021-02
 By Direction of: Tom Wolf, Governor	Date: March 12, 2021

WHEREAS, The Commonwealth of Pennsylvania, through the Department of Transportation (PennDOT) manages nearly 40,000 miles of roads and more than 25,400 bridges, key components of a transportation system that is vital to the economic well-being of Pennsylvania; and

WHEREAS, the local governments of Pennsylvania manage over 77,000 miles of roads, more than 6,400 locally owned bridges and approximately 14,000 traffic signals, while facing significant funding challenges for the maintenance of their systems; and

WHEREAS, the Commonwealth's 35 fixed transit route operators, which provide more than 300 million rides annually to the people of Pennsylvania, along with the Commonwealth-supported Amtrak services in the state, face operational and capital impacts if funding commitments of Act 44 of 2007 and Act 89 of 2013 are altered to remove stable funding; and

WHEREAS, Pennsylvania has aggressively assisted private sector operators in enhancing their systems, since effective use of rail freight corridors significantly eases congestion, especially on interstates, yet operators continue to need and seek support from state and federal governments for stronger public-private partnerships to further enhance rail freight; and

WHEREAS, there are more than 600 public and private use airports and heliports in Pennsylvania that support the movement of goods and people; and

WHEREAS, revenues from the Motor License Fund have lagged behind the significant rates of inflation in materials and construction costs needed to keep the road and bridge systems in a state of good repair; and

WHEREAS, the Motor License Fund will not sustain the Commonwealth's road and bridge needs as increasing vehicle fuel efficiency and industry transition toward electronic technologies reduces motor fuel revenues; and

Executive Order 2021-02 Page 1 of 4

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TROC FINAL PRODUCT (CONCEPT)

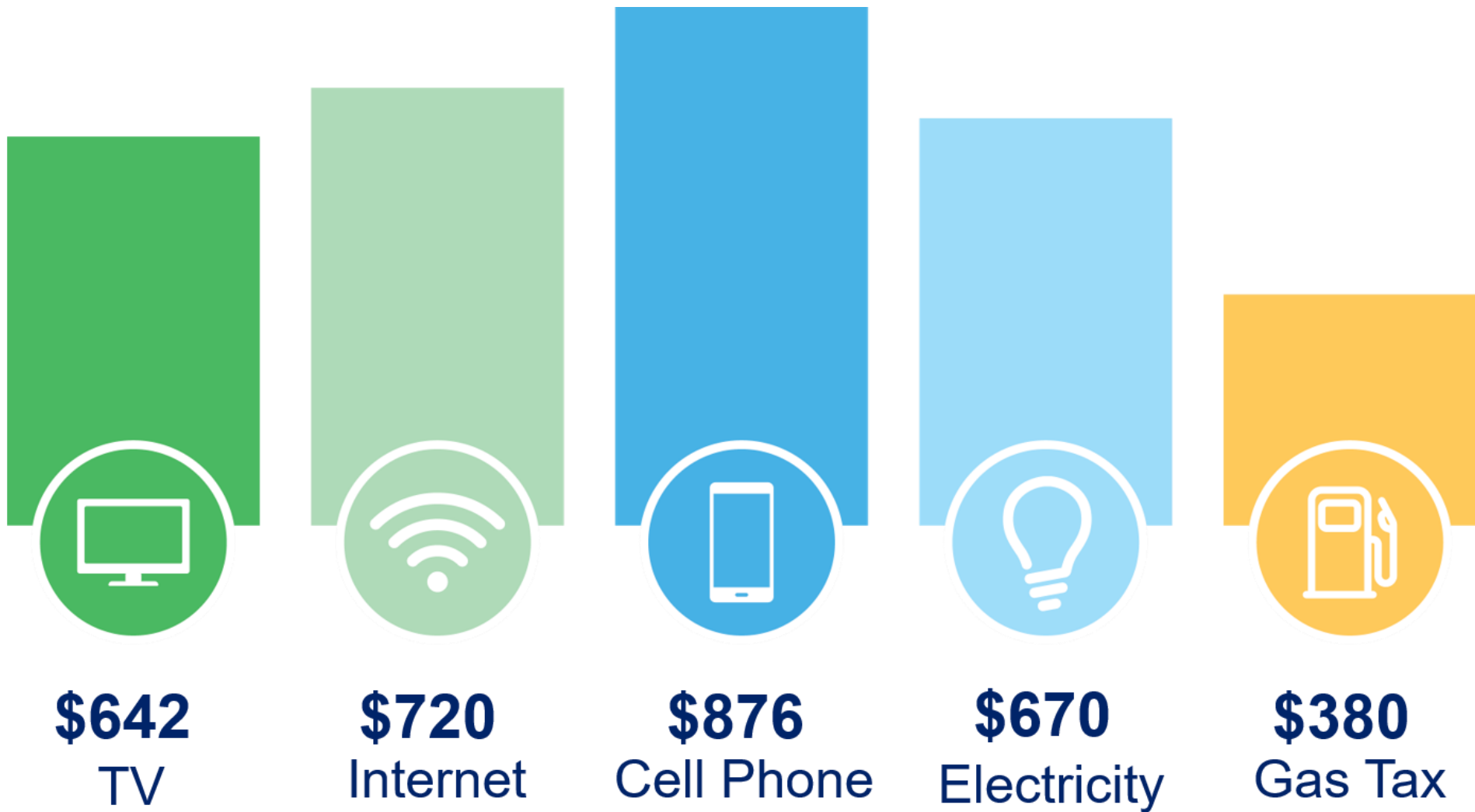
1. Executive Summary
2. Message from the Chair – *What's at Stake?*
3. TROC Overview – Purpose and Evaluation Approach
4. Transportation Needs and Funding Challenges
5. Historical Perspective and Progress to Date
6. The Options and Evaluation Framework
7. Recommendations and Rationale
8. Conclusion



TRANSPORTATION FUNDING REVIEW



WHAT ARE YOU PAYING FOR TRANSPORTATION?



PENNDOT'S BUDGET



40,000
Miles of Roadway

25,400
Bridges

10.1 million
Licensed Drivers
& ID Holders

12 million
Registered Vehicles

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

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

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

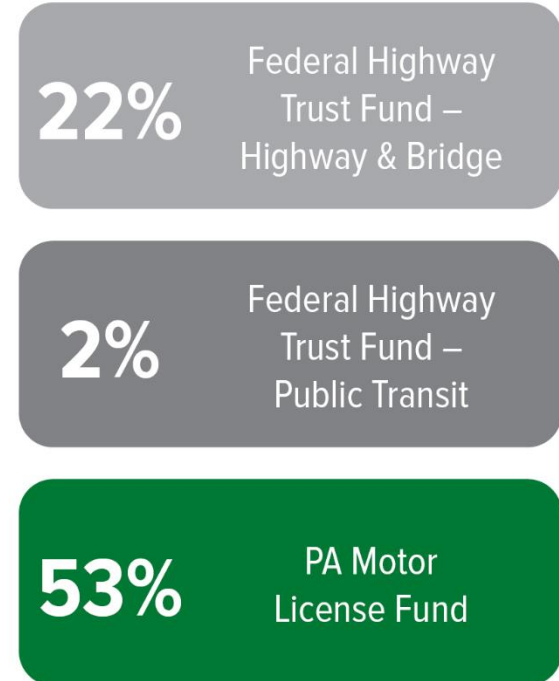
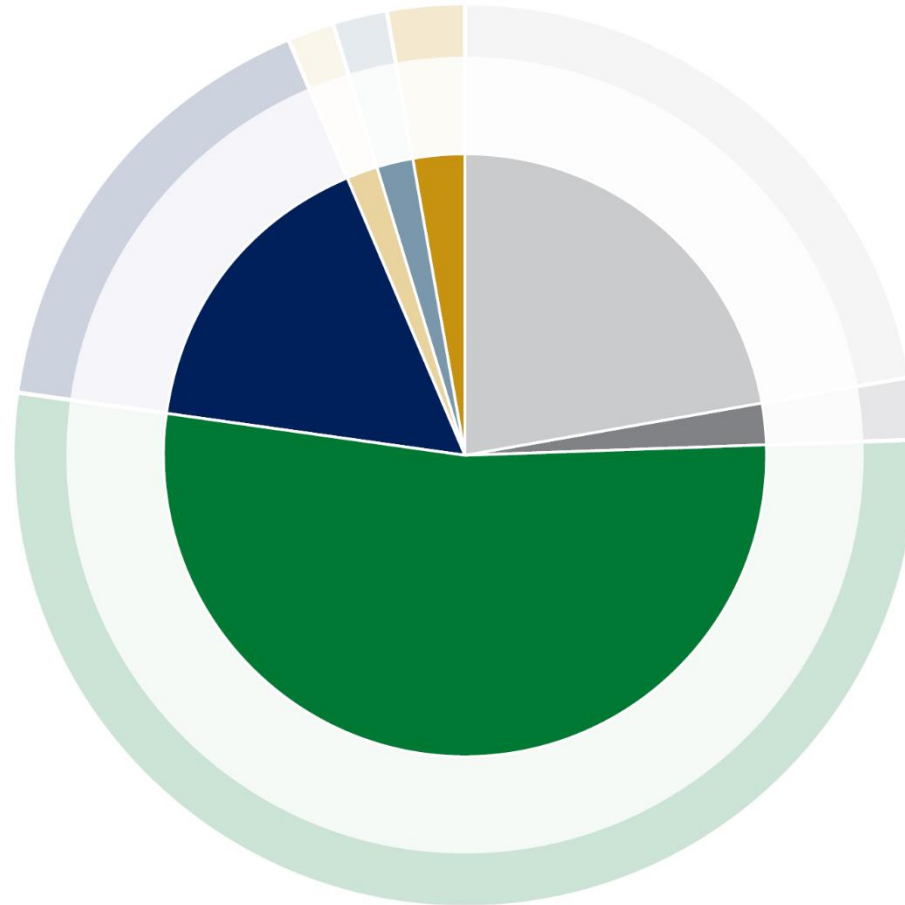
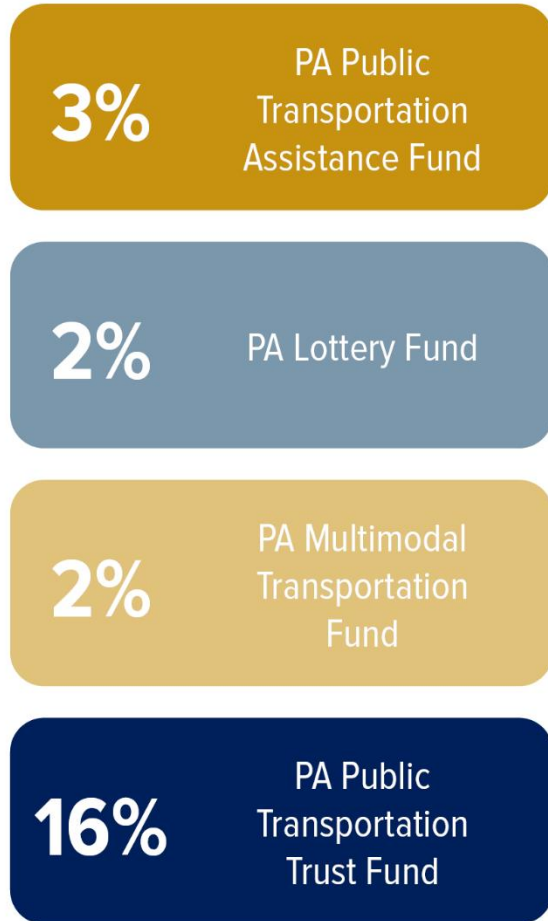
125
Public-Use Airports

53
Transit Systems

65
Operating Railroads

3
Water Ports

PENNDOT'S CURRENT FUNDING SOURCES



\$8.6 billion annual budget
(Fiscal Year 2020-21)

EFFICIENCIES AND INNOVATION

\$38.5 million

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

\$49 million

saved over four years
through the
County Accreditation Program

\$10 million

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

P3

A Public-Private Partnership to
replace 558 bridges was part of
PennDOT's reduction in poor-
condition bridges from more than
6,000 in 2008 to 2,500 today.



PENNDOT PATHWAYS

Planning and Environmental Linkages Study

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

Mid/Long Term Solution

-  Managed Lanes
-  Congestion Pricing
-  Corridor Tolling
-  Road User Charges
-  Fee & Tax Increases

Future Initiatives

Alternative funding approaches identified for implementation.

Near Term Solution

-  Bridge Tolling

Methodologies for:

- Environmental Justice
- Diversion Route Analysis
- Mitigation

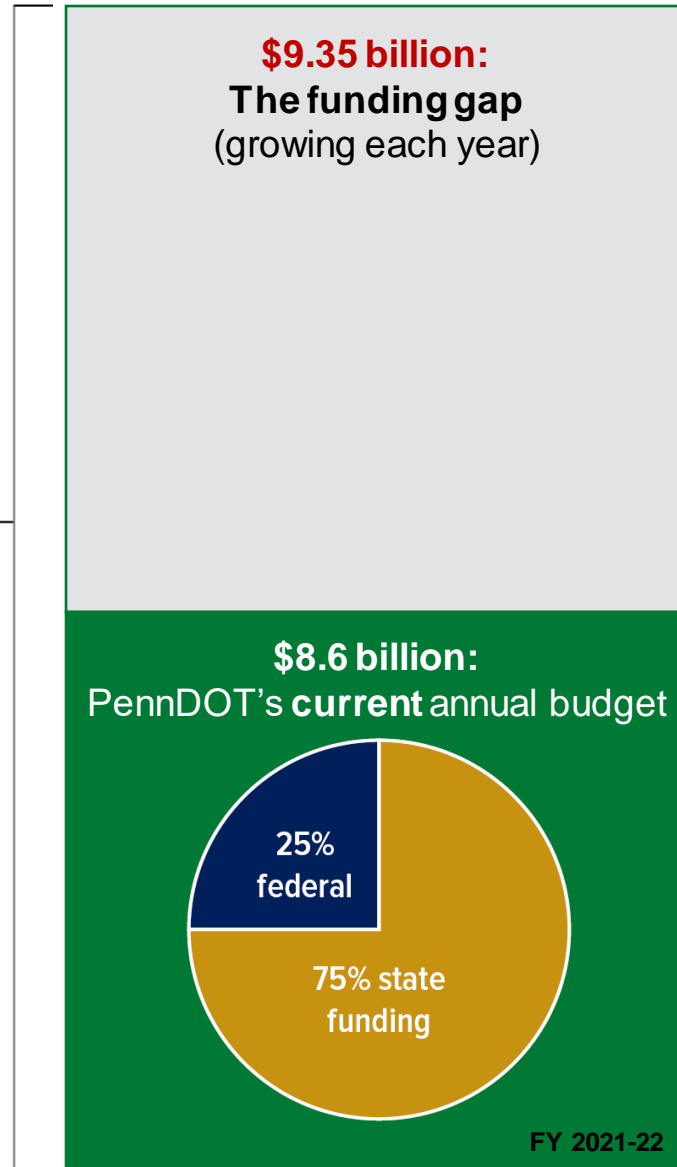
Major Bridge Public-Private-Partnership Initiative

The ability to toll requires the use of a P3 contracting method authorized by the P3 Board. Each project advances through:

- National Environmental Policy Act
- Public Involvement
- Engineering
- Right of Way Acquisition
- Permits
- Utilities
- Geotech
- Gantry Design
- Diversion Route Analysis
- Mitigation

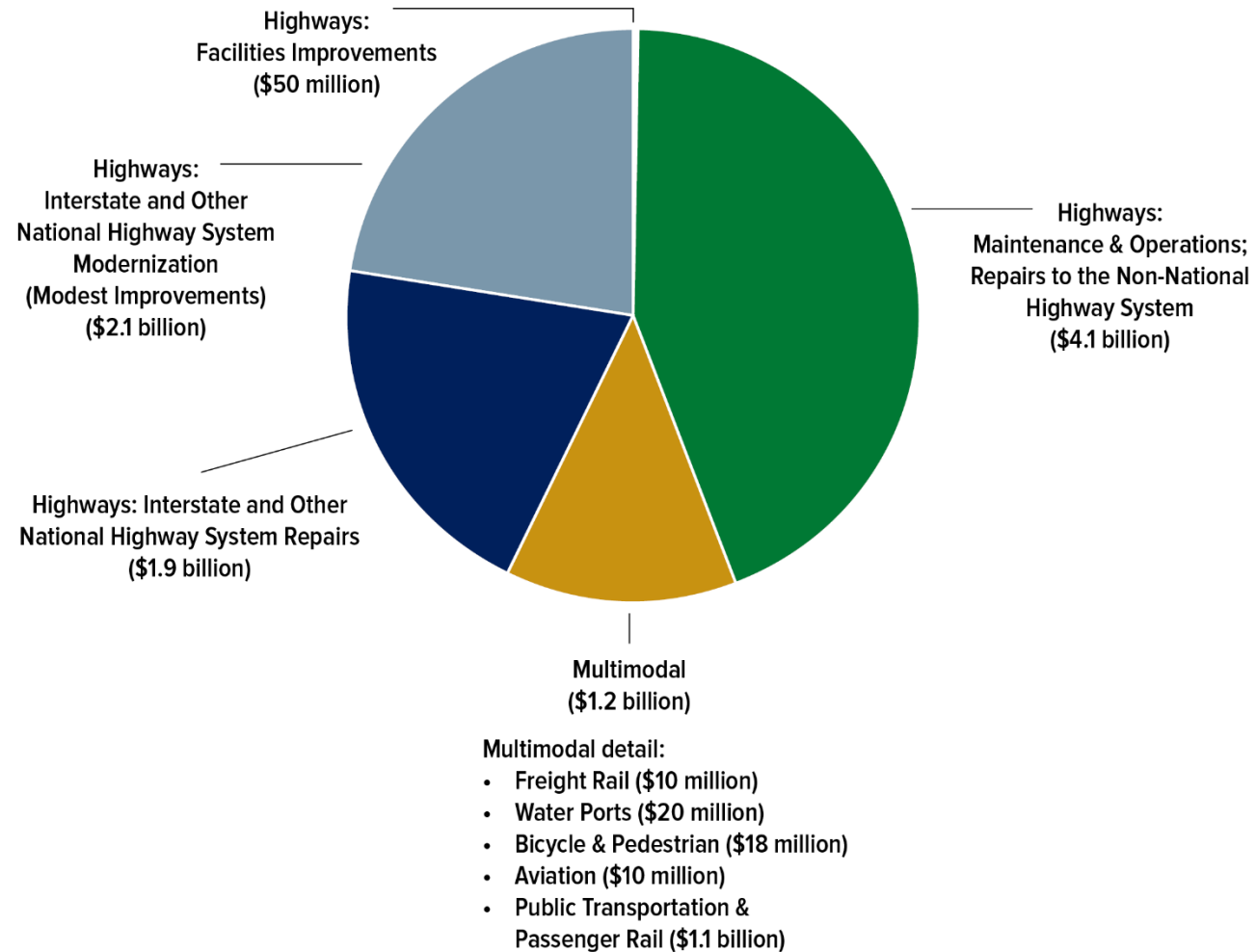
THE NEED . . .

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



THE NEED . . .

Breakdown of \$9.35 Billion Annual Unfunded Need



THE NEED . . .

74%

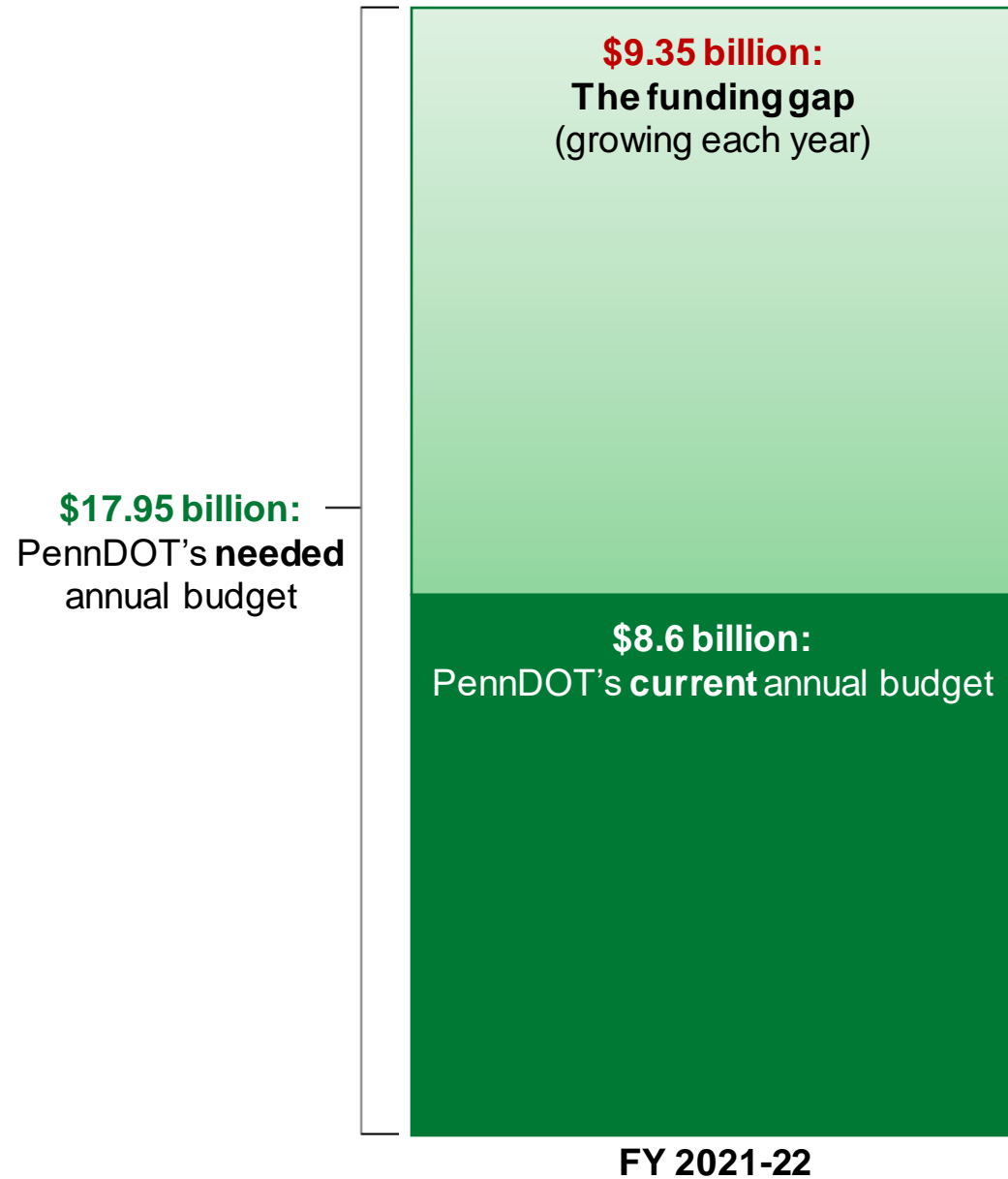
of PennDOT's highway and bridge funding comes from federal and state gas tax revenue—which continues to decline.



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

70% of PennDOT's revenue sources do not increase with inflation.

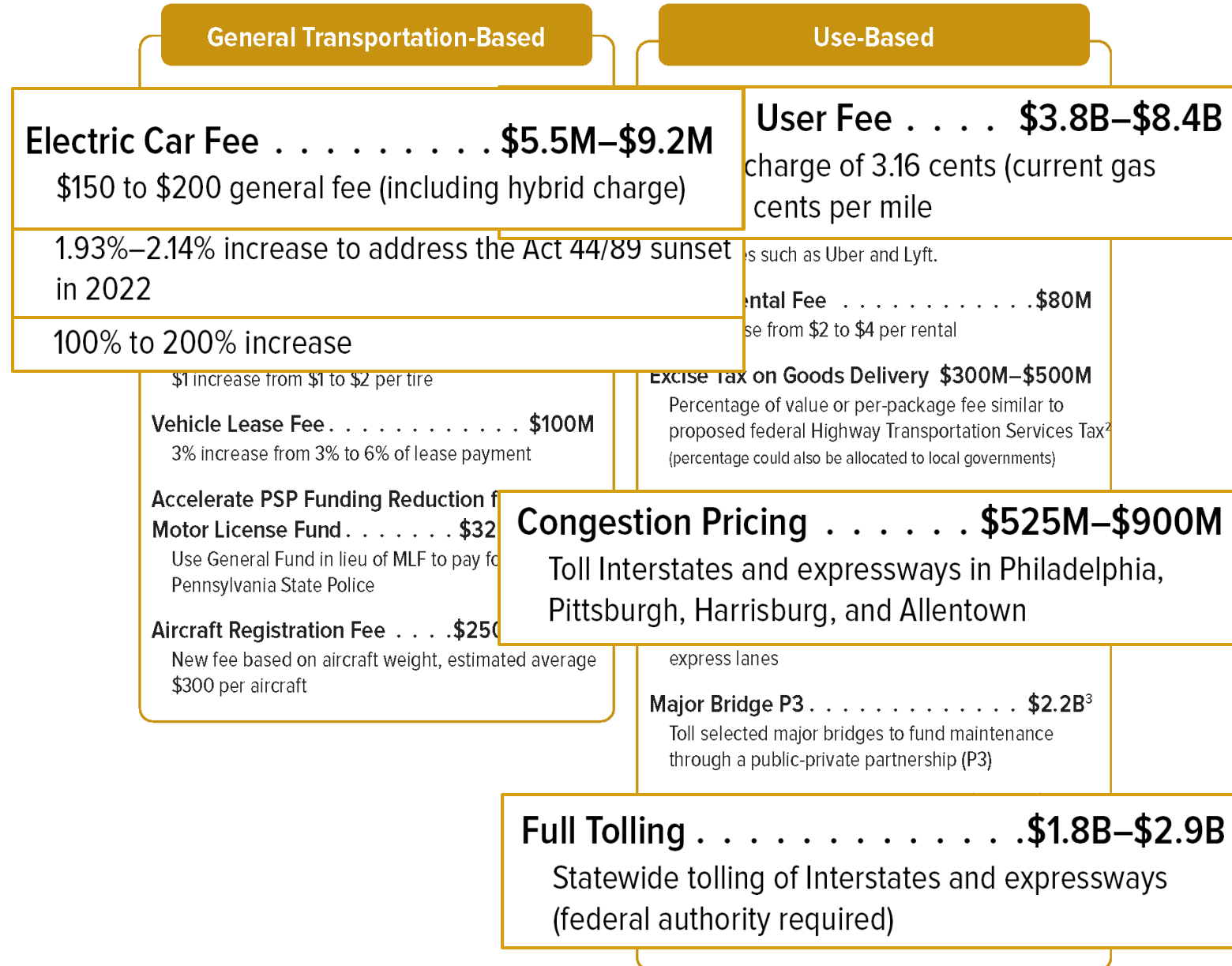
... MAKING A DIFFERENCE



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STATE-LEVEL FUNDING OPTIONS



STATE-LEVEL FUNDING OPTIONS

Traditional Revenue Sources

Corporate Income Tax	\$300M
1% increase	
Personal Income Tax	\$350M–\$450M
0.10% increase (based on current structure)	
Sales Tax	\$350M–\$450M
0.25% increase	
Real Estate Transfer Tax	\$215M–\$265M
0.50% increase	

No Legislative Action Required

Driver's License Photo Fee	\$6.6M
Raise fee \$2 from \$9.50 to \$11.50 to break even for next eight years	
Real ID Fee.	\$125M
Beginning October 1, 2021, raise fee from \$30 to \$60 to break even for next three years	
Emission Sticker Fee	\$57M
New \$8 fee; same as inspection sticker	

If we promptly implemented **all of these options**, the Commonwealth could generate sufficient additional revenue to **fully address** Pennsylvania's transportation funding gap.

LOCAL-LEVEL FUNDING OPTIONS

Revenue Potential		
High	Medium	Low
Statewide Enabling Legislation Required		
<ul style="list-style-type: none"> Earned Income Tax Sales Tax Local Services Tax Mileage-Based User Fee Property Tax Surcharge Real Estate Transfer Tax Vehicle Property Tax Gasoline Sales Tax 	<ul style="list-style-type: none"> Interstate Tolling Congestion Pricing Cordon Pricing Transportation Network Company (Rideshare) Fee Hotel Occupancy Tax Cigarette Tax Liquor/Malt Beverage Tax 	<ul style="list-style-type: none"> Vehicle Registration Fee Excise Tax on Adult Bicycles Lead Acid Battery Tax Telecom Surcharge Opportunity Zone Incentives
Options Available Now		
<ul style="list-style-type: none"> None 	<ul style="list-style-type: none"> Transit Fare Surcharge Rolling Property Tax Assessment Surface Coverage Fee Tax Increment Financing Transportation Access Fee 	<ul style="list-style-type: none"> Fee in Lieu of Parking Fee in Lieu of Transportation Improvements Rezoning for Private/Transit Development Parking Space Fee

TROC ORGANIZATIONAL CONSIDERATIONS



POTENTIAL FOCUS AREAS

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



OTHER APPROACHES

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DEPARTMENT ROLES

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

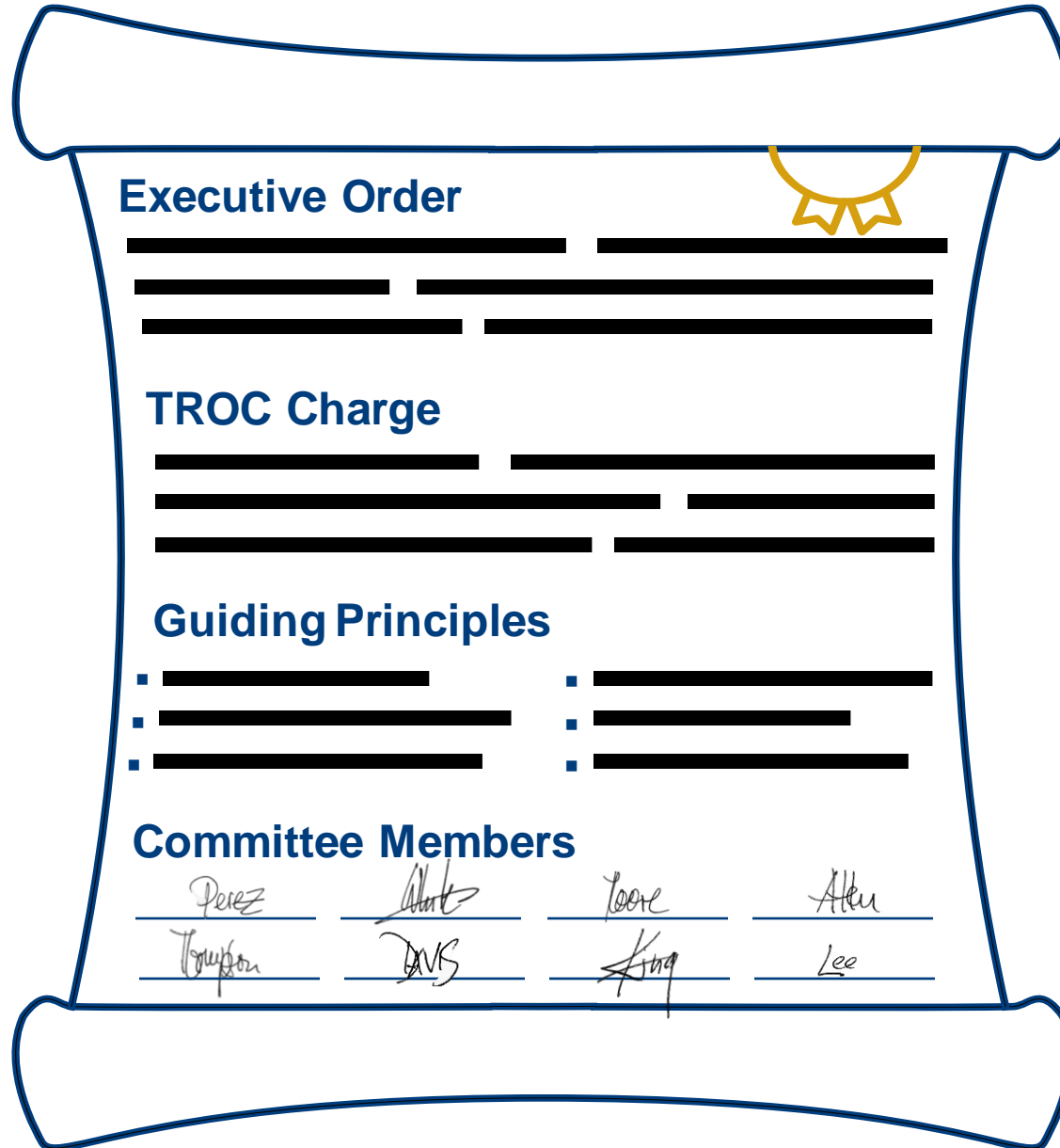
COMMISSION MEMBER ROLES

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

EXPECTATIONS

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

TROC CHARTER CONCEPT



Executive Order



TROC Charge

Guiding Principles

- _____
- _____
- _____
- _____
- _____
- _____

Committee Members

Perez Alonzo Love Allen
Thompson Davis King Lee

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ACTIVITIES BY MONTH

March

Initiate strategic proposal and establish the need

April

Generate and evaluate options

May

Identify initial recommendations

June

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

July

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

TROC may anticipate meeting twice per month for 2 hours

COMMISSION MEETINGS

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

MEETING SUMMARY

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FOLLOW-UP

- Provide Meeting 1 summary to Commission members
- Provide meeting schedule through July
- Initiate identification of options and focus areas
- Draft evaluation or screening considerations for recommendations

TRANSPORTATION REVENUE OPTIONS COMMISSION (TROC)



MARCH 25, 2021

TROC