State Funding Strategies
Kentucky House of Representatives

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States Take Lead in Transportation Funding

Since 2012, thirty-one states have approved plans to raise additional transportation revenues.

http://t4america.org/maps-tools/state-transportation-funding/#top
Trends in State Funding

• Most states continue to rely on fuel taxes and registration fees.
• Taxing hybrid and electric vehicles is a growing trend in states.
• Tolling is a largely untapped resource.
• Some states are approving sales tax at the pump.
• Dedicated tax on cigarettes and other consumer goods is being tried.
Our Transportation System

- 120,000 miles of roadway
- 37,000 bridges
- 63 airports
- 5,200 miles of rail
- 65 million short tons of cargo
- 260 miles of inland waterways
- 157 miles of levees
- 452 million transit trips annually
Failed Attempts to Address Needs

- Act 44 (tolling I-80, monetize PA Turnpike)
- Lease (concession) of PA Turnpike
- Liquor store privatization (Revenue for transportation)
TRANSPORTATION (74 PA.C.S.) AND VEHICLE CODE (75 PA.C.S.) - OMINIBUS AMENDMENTS
Act of Nov. 25, 2013, P.L. 974, No. 89 Cl. 74
Session of 2013
No. 2013-52

HB 1080

AN ACT
Amending Titles 74 (Transportation) and 75 (Vehicles) of the Pennsylvania Consolidated Statutes by:
--In Title 74:
  Providing for organization.
  In administrative practice and procedure, further providing for minority and women-owned business participation.
  In sustainable mobility options:
  Further providing for definitions, for department authorization, for the Public Transportation Trust Fund, for application and approval process, for executive and legislative reports, for coordination, for asset improvement program, for Statewide programs and for capital improvements program.
  Providing for multimodal transportation funding.
  In airport operation and zoning, providing for first class city consolidated car rental facilities.
  In Turnpike:
  Further providing for commission; and providing for annual hearing.
  In Turnpike Commission standards of conduct, further providing for code of conduct.
  Providing for traffic signals.
  Establishing the Bridge Bundling Program.
  Providing for public utility facilities,
  Providing for steel painting.
  In Public-Private Transportation Partnerships, further providing for applicability of other laws.
--In Title 75:
  In registration of vehicles:
  Further providing for period of registration, for display of registration plate and for certain special plates.
  Providing for report to General Assembly.
  In licensing of drivers, further providing for judicial
Duel Track Strategy

Act 89

- Funding
  - Long-term
  - Multi-Modal
- Reform
  - Efficiencies
  - Savings
Involved all of the stakeholders.
Framed the problem.
Listed needs for every mode.
Outlined available funding sources
Defined a solution
## Impacts to Typical Driver (in actual dollars)

<table>
<thead>
<tr>
<th></th>
<th>Year 1</th>
<th>Year 2</th>
<th>Year 3</th>
<th>Year 4</th>
<th>Year 5</th>
</tr>
</thead>
<tbody>
<tr>
<td>Vehicle and driver fees increase to inflation</td>
<td>$14</td>
<td>$16</td>
<td>$18</td>
<td>$19</td>
<td>$21</td>
</tr>
<tr>
<td>Fuels: Uncap OCFT (AWP) over 5 years (if entire increase is passed on to the consumer)</td>
<td>$22</td>
<td>$43</td>
<td>$64</td>
<td>$83</td>
<td>$101</td>
</tr>
<tr>
<td>Fee and fine increases - Motor License Fund</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$0</td>
<td>$10</td>
</tr>
<tr>
<td><strong>Total Additional Yearly Cost</strong></td>
<td>$36</td>
<td>$59</td>
<td>$81</td>
<td>$103</td>
<td>$132</td>
</tr>
<tr>
<td><strong>Additional Weekly Cost</strong></td>
<td>$0.70</td>
<td>$1.14</td>
<td>$1.57</td>
<td>$1.97</td>
<td>$2.54</td>
</tr>
</tbody>
</table>
The Problem

Transportation Needs = $3.5 Billion - 2010 and $6.7 Billion - 2020

Including impacts of CAFE and PSP

$450 M

$450 M Public Transportation

$432 M Local Government

$2.6 B

Highway and Bridge

$650 m/yr. stimulus

GAP

$5B

Act 44 - Payments to PennDOT

Impact of CAFE $470M

Impact of PSP $370M

State Funding (Surface & Transit)

CAFE - Corporate Average Fuel Economy

PSP - Pennsylvania State Police

Notes: State funding is funds available for surface and transit improvements.

Source: PA North State Transportation Advisory Committee - 2010
Act 89 - Best Available Solution

Transportation Needs = $3.5 Billion - 2010 and $6.7 Billion - 2020

- $2.6B Highway and Bridge
- $450M Public Transportation
- $432M Local Government

$670M Impact of CAFE
$370M Impact of PSP

Notes: State funding is funds available for surface and transit improvements. Source: PA-North State Transportation Advisory Committee - 2010
# Act 89 - Investment

<table>
<thead>
<tr>
<th>Transportation Mode</th>
<th>Additional Funding Received</th>
</tr>
</thead>
<tbody>
<tr>
<td>State Roads and Bridges</td>
<td>$1.3 billion</td>
</tr>
<tr>
<td>Public Transportation</td>
<td>$480-495 million</td>
</tr>
<tr>
<td>Local Roads and Bridges</td>
<td>$237 million</td>
</tr>
<tr>
<td>PA Turnpike Expansion Projects</td>
<td>$86 million</td>
</tr>
<tr>
<td>Multi-Modal Fund</td>
<td>$144 million</td>
</tr>
<tr>
<td>Dirt/Gravel/Low-Volume Roads</td>
<td>$30 million</td>
</tr>
<tr>
<td><strong>TOTAL</strong></td>
<td><strong>$2.3 - 2.4 billion</strong></td>
</tr>
</tbody>
</table>
Act 89 - Financing

• Eliminates “flat tax” portion of the gas tax.
• Gradually deregulates the Oil Company Franchise Tax by eliminating an artificial cap (that stopped it from growing) over a five year period.
• Ensures that all system users pay their fair share, not just Pennsylvania residents.
• Creates an inflationary financing method, ensuring that Pennsylvania’s transportation infrastructure is funded into the future.
Act 89 - Reforms

- Updated Highway Occupancy Permit Process
- PennDOT “Next Generation” efficiencies in project delivery
  - $1 billion savings over 10 years
- “Decade of Investment” Project Commitments
- Prevailing Wage Threshold moved from $25K to $100K
- Consolidation Incentives/Disincentives for fixed route and para transit services.
- Rapid Bridge P3 Project - 558 bridges in 3 years
• 558 structurally deficient bridges will be replaced
• Project includes design, demolition, construction, financing, and routine maintenance
What’s going to happen in Washington?

“I plan to spend $1 trillion on a variety of infrastructure projects over 10 years.”
What happened at the ballot box?

**NO** sitting legislator that voted for Act 89 lost in the next election.
Ten Lessons Learned

- Voters understand the problem.
- The issue is naturally bipartisan.
- Clearly show what you will do with the money.
- Modernizing DOT processes broadens support for funding.
- Delivering savings is a big plus.
- Someone, inside government, needs to be coordinating the effort.
- A vote is no harder for a big program than it is for a small program.
- Voters will support a “yes” vote if you have a clear plan that shows how funds will be used and money will saved.
- Unaffiliated business and industry leaders can be key assets.
- The Governor does not have to be a vocal supporter just willing to sign a bill.