

Transportation Funding

Report of the State Transportation Advisory Committee

Louis Schultz, Chairman

May 27, 2010

Presentation Overview

1. Introduction/Purpose
2. Current Funding for Highways & Transit
3. Needs Analysis
4. Potential Funding Mechanisms
5. Recommendations



PENNSYLVANIA STATE
TRANSPORTATION ADVISORY COMMITTEE

TRANSPORTATION FUNDING STUDY

FINAL REPORT



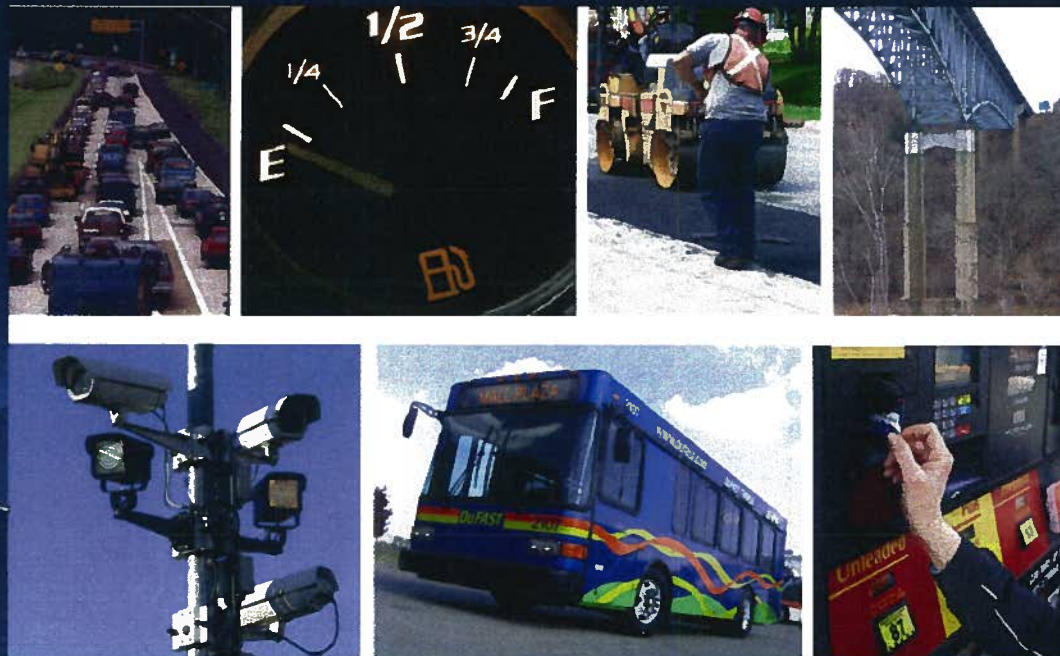
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Introduction/Purpose



Introduction/Purpose

- 1. Transportation critical to mobility, economy, quality of life**
- 2. Increasing volatility and uncertainty**
 - Revenues
 - Maintenance & Operations
- 3. Purpose**
 - Quantify the impact of the problem
 - Offer findings & recommendations
- 4. Update from Transportation Funding & Reform Commission**



Current Funding for Highways & Transit



Funding for Highways & Transit

- **Uncertainty of Act 44**
 - Federal decision on I-80 tolling
 - Loss of \$472 million
- **Impact of current economic conditions**
- **Long-term viability of current funding sources**



Federal Funding Issues

1. Long-term solvency of Highway Trust Fund

- 3 transfers from General Fund over past 3 years
- Federal gas tax last increased in 1993

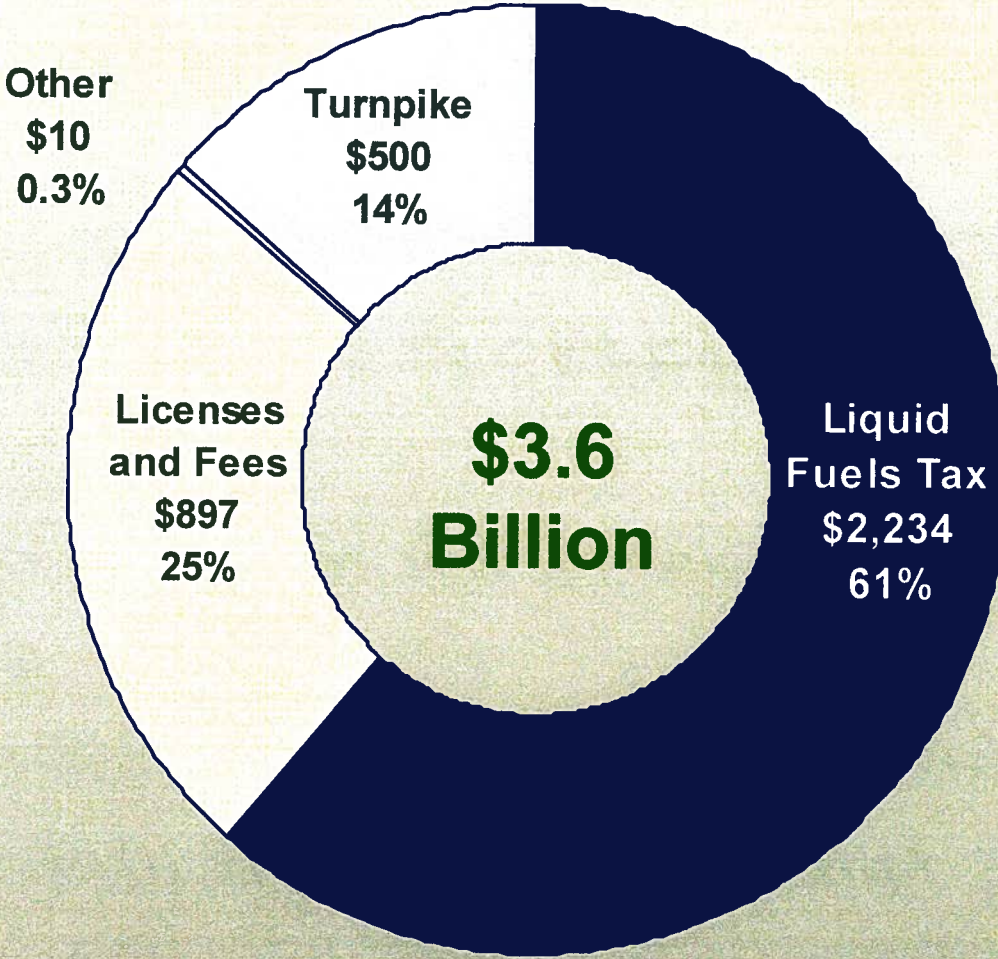
2. Reauthorization of SAFETEA-LU

- Short-term extensions to December 31, 2010

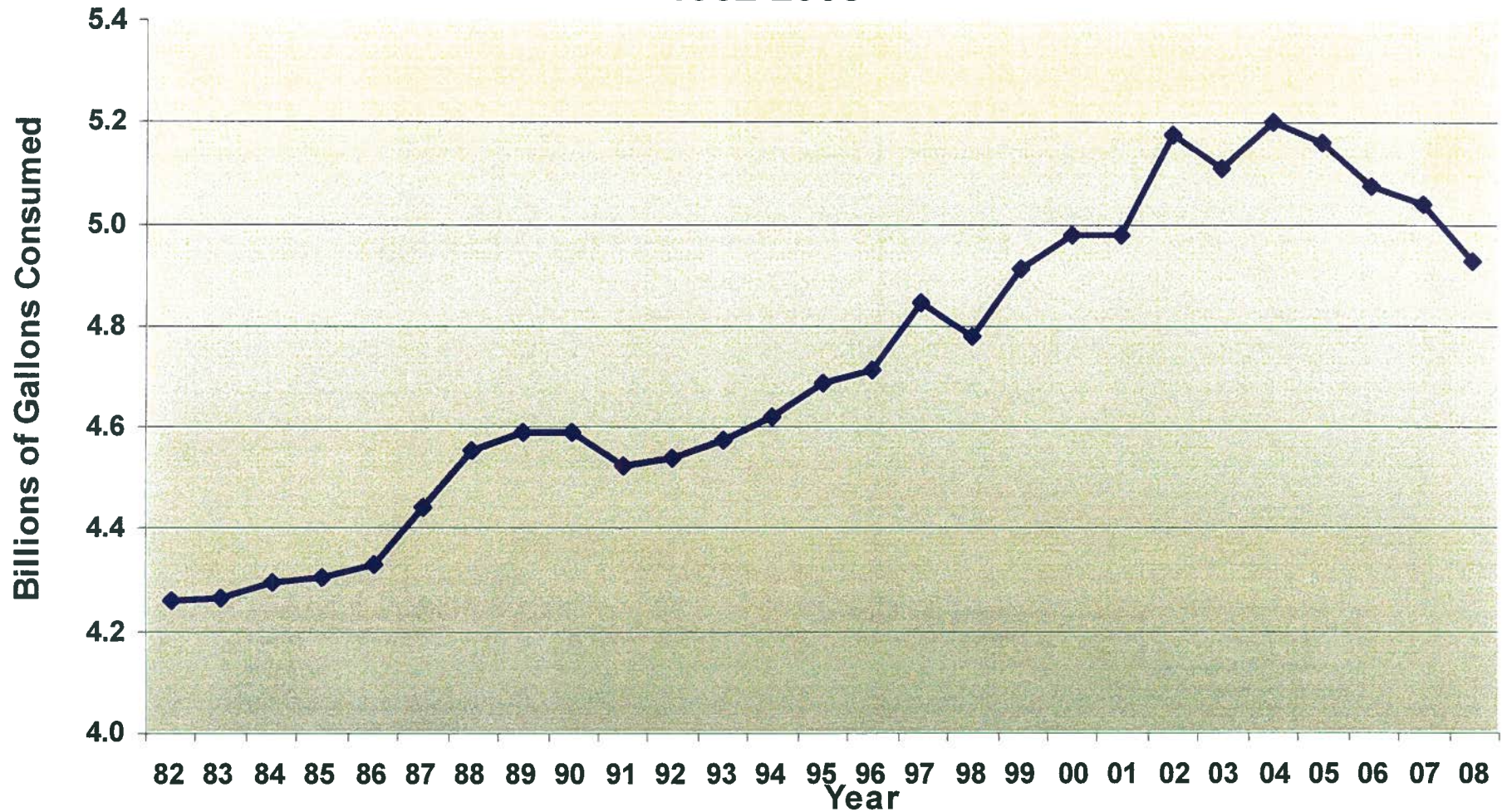


FY 2008-09 Motor License Fund Revenues

(\$ in millions)



Pennsylvania Statewide Gasoline Consumption 1982-2008

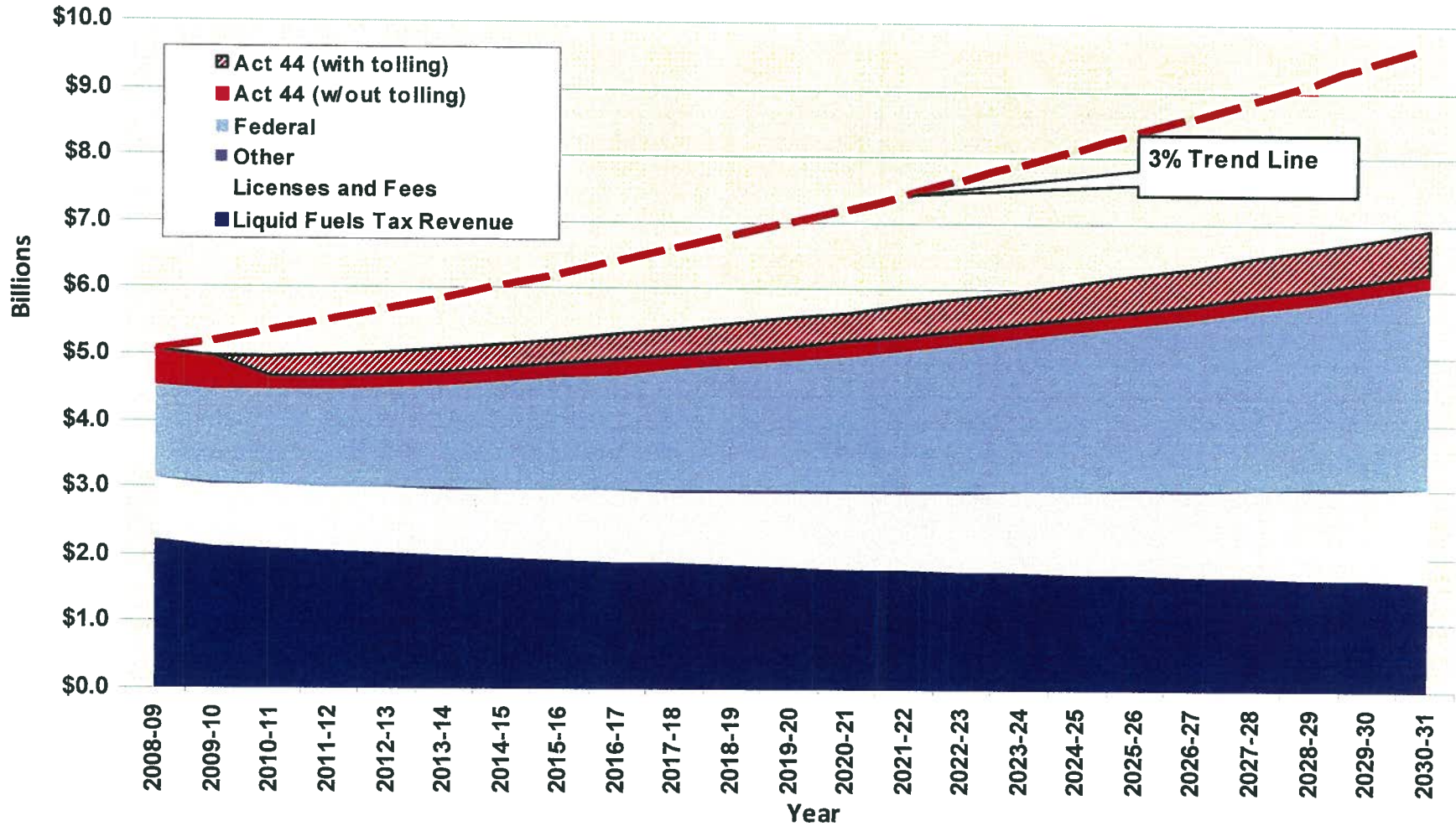


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Pennsylvania Highway Revenue Projections 2008-30



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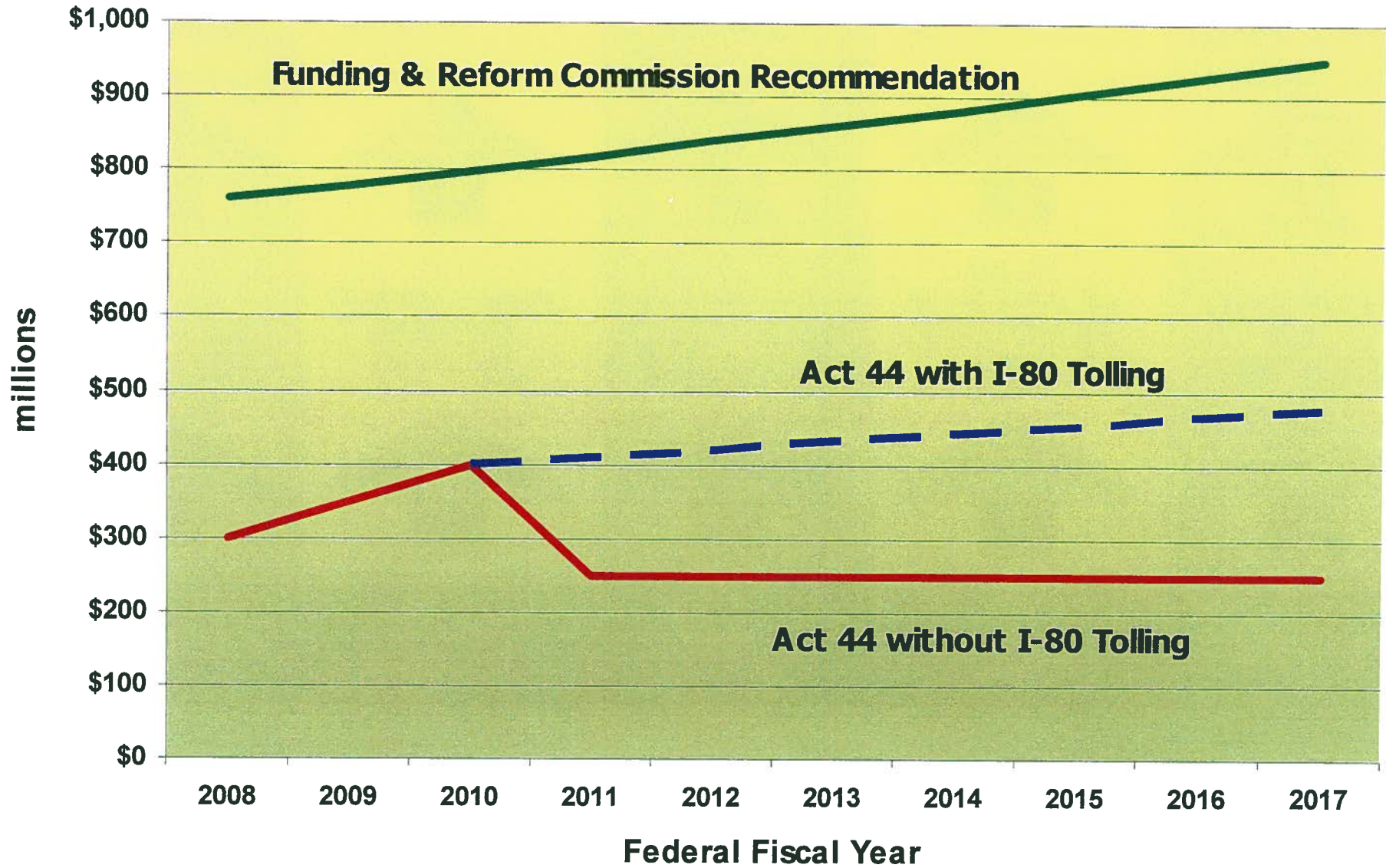
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State Transit Funding Structure

	Turnpike	Sales & Use Tax	Lottery	PTAF	Bonds
Sources	 Act 44 Payments (as proposed)	 4.4% of Total Tax Revenue Dedicated to Transit	 Annual Executive Authorization (excludes Shared Ride Program)	 PURTA Vehicle Lease Tax Vehicle Rental Tax Tire Tax	 Bonds Issued on an As-Needed Basis
	 <ul style="list-style-type: none"> • Fixed Amount for Operating • Balance for Asset Improvement, Capital Improvement, and New Initiatives 	 <ul style="list-style-type: none"> • 69.99% to Operating • 16.77% to Capital • 13.24% to Programs of Statewide Significance 	 <ul style="list-style-type: none"> • 100% to Operating Assistance 	 <ul style="list-style-type: none"> • First Priority is PTAF-secured Debt • Balance to Operating 	 <ul style="list-style-type: none"> • 100% for Capital Projects
Eligible Uses					

Pennsylvania: Transit Funding Projections

FY 2009-17



Needs Analysis



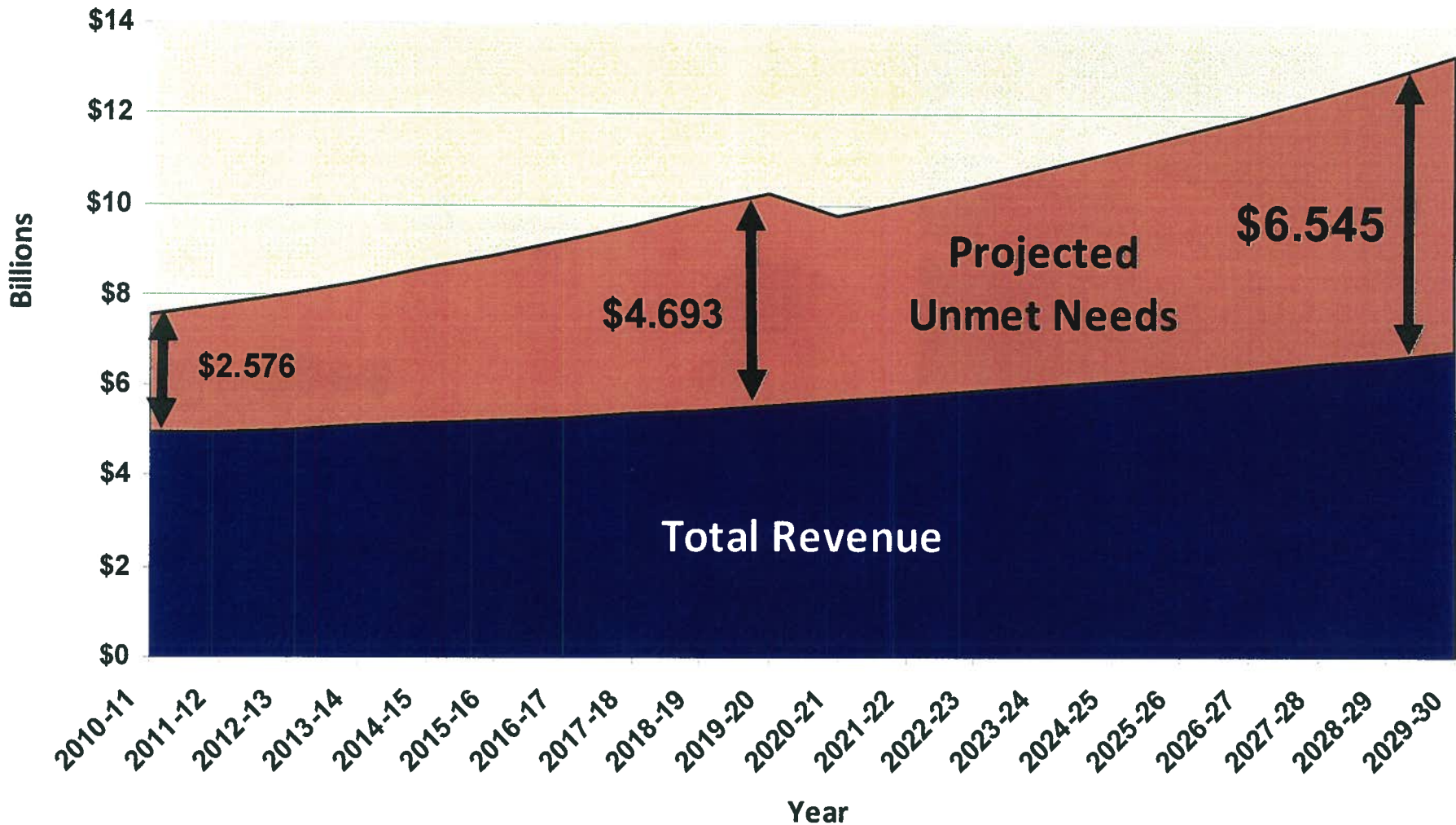
State Highway Unmet Needs (millions)

	FY 2010-11	FY 2019-20	FY 2029-30
Pavements	\$1,761	\$2,731	\$4,450
Bridges	\$370	\$1,290	\$920
Congestion	\$70	\$91	\$227
Capacity	\$300	\$465	\$758
Safety	\$75	\$116	\$190
TOTAL	\$2,576	\$4,693	\$6,545



Pennsylvania Highway and Bridge Projections, 2010-30

Total Revenues & Unmet Needs



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Local System Needs

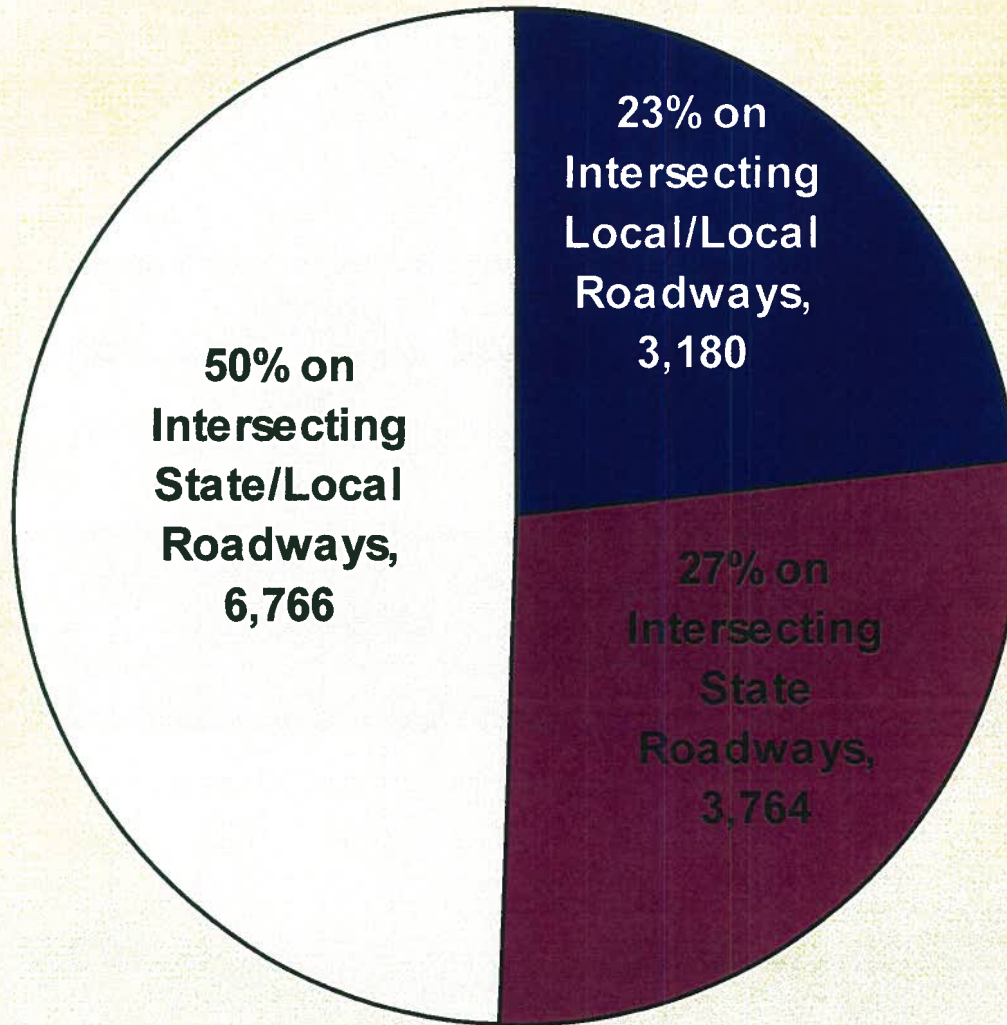
- **Highways**
- **Bridges**
- **Traffic Signals**



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Pennsylvania Traffic Signal Locations 2008



Local Highways & Bridges (millions)

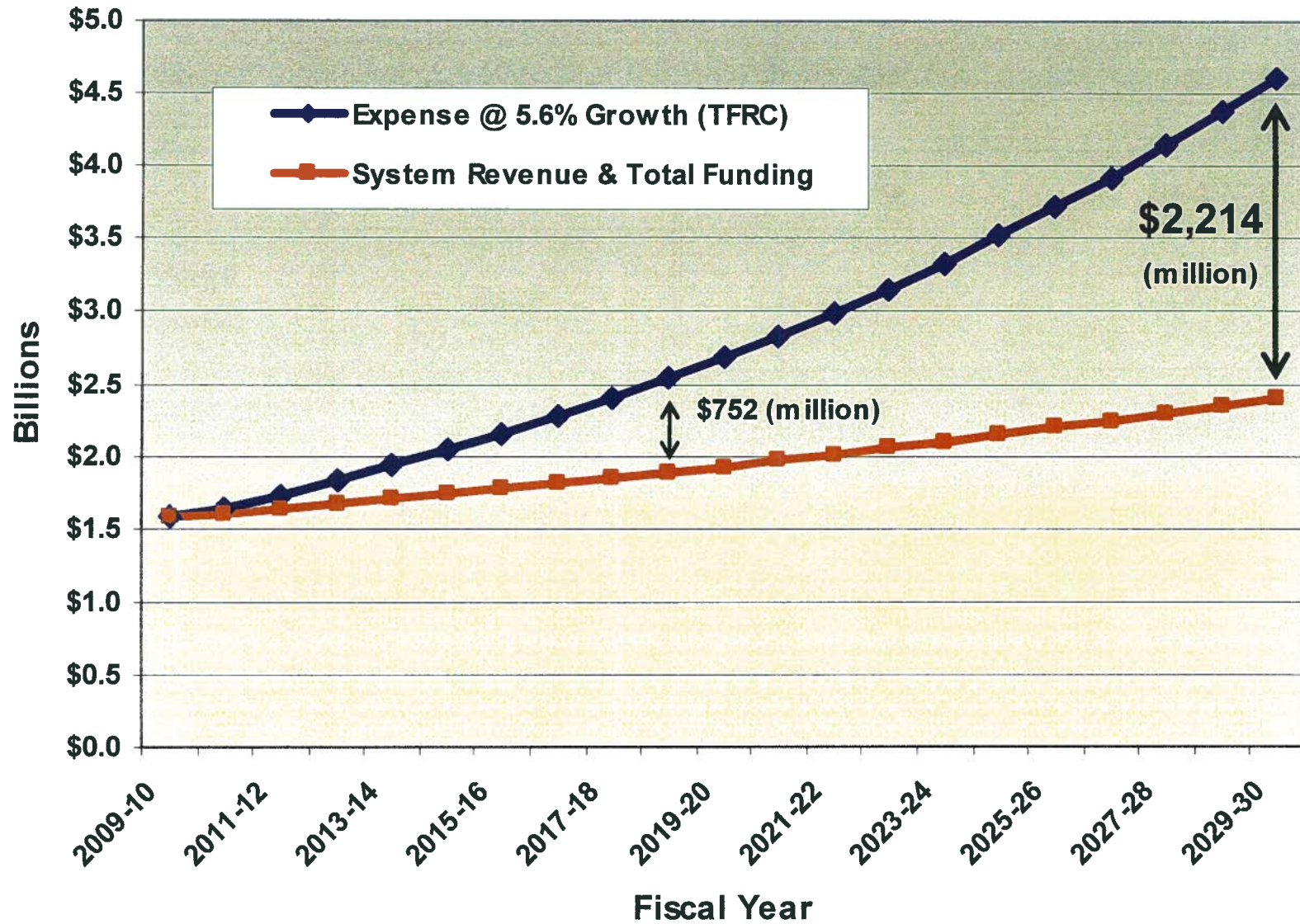
	FY 2010-11	FY 2019-20	FY 2029-30
Highway & Bridge	\$250	\$388	\$632
Traffic Signals	\$182	\$282	\$460
TOTAL	\$432	\$670	\$1,092



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Transit Operating Expense, Income and Shortfall Classes 1-4 Systems



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Projected Unmet Transit Funding Needs (in millions)

Program	FY 2010-11	FY 2019-20	FY 2029-30
Operating Assistance	\$ - - *	\$752	\$2,214
Capital Assistance/ System Expansion	\$484	\$631	\$849
Totals	\$484*	\$1,383	\$3,063

* The level of operating shortfall for FY 2010-11 is uncertain at this time



Combined Unmet Needs

	2010 Need	2020 Need	2030 Need
State Highway & Bridge	\$2,576	\$4,693	\$6,545
Public Transportation	\$484	\$1,383	\$3,063
Local Government	\$432	\$670	\$1,092
TOTAL	\$3,492	\$6,746	\$10,700



Potential Funding Mechanisms



Funding Mechanisms

- **Fuel Tax or Oil Company Franchise – Increase/Index**
- **Vehicle Registration fees – Increase/Expand**
- **State Police Funding – Remove from MLF**
- **Driver License Fees – Increase**
- **Vehicle Title Fees – Increase**
- **VMT Fee - Implement**



Funding Mechanisms – Highway or Transit

- **State Sales Tax on Fuel**
- **State Sales Tax on Vehicles**
- **Tolling**
- **Real Estate Transfer Tax**
- **Vehicle Lease Tax**
- **Vehicle Rental Tax**
- **Tire Tax**
- **Marcellus Shale Fee**



Funding Tools

- **Public-Private Partnerships**
- **Regional Transportation Districts**
- **Transit Revitalization Investment Districts**
- **Transit Oriented Development**
- **(Strategic) Borrowing**



Recommendations



Recommendations – Near-Term Need

- **Generate new revenue to stabilize Pennsylvania's transportation system**
 - \$472 million funding gap
 - Begin a phased, long-term strategy



Recommendations – Longer-Term Need

- **Establish a new transportation funding framework to ensure sustainable mobility**
- **Predictable and sustainable**
- **Major elements:**
 - More direct User Pay system – VMT Fee
 - Tolling Options
 - Public-Private Partnerships
 - Strategic Borrowing
 - Local Option Taxes



To Access the TAC Funding Report

- <http://www.dot.state.pa.us/>
- Click on “2010 Transportation Advisory Committee Report”
- For additional Information click “Transportation Funding Crisis”

