Introduction

- Revised “RhodeWorks” plan now contained in 2016 – H 7409
  - HFAS update to prior presentations
  - DOT Testimony
- Related proposals
  - H -7191 Amend Constitution to prohibit passenger car tolls w/o voter consent
  - H -7192 “Bridgeworks” plan
  - H - 7340 Public-Private Transportation Partnerships
Introduction

- Revised RhodeWorks plan
  - Timeline
  - Legislation
  - Additional information and issues
RhodeWorks Timeline

- May 27 - Program first announced
- June 2 - First HFC hearing on adding RhodeWorks to FY 2016 budget
- June 16 – Budget passes House without RhodeWorks
- June 22 – Second HFC hearing on stand-alone bill version
- June 23 - Senate passes its legislation
RhodeWorks Timeline

- October 7 - Economic impact analysis from REMI issued
- October 27 – Level II traffic study done
- December 4 - Federal FAST Act signed into law
- January 5 – preliminary gantry locations released
- January 28 – 2016 – H 7409 introduced
Establishes Findings

Authorizes collection of user fees/tolls on large commercial trucks

Authorizes bonds to finance the plan
2016 – H 7409: Findings

- Legislation identifies key findings:
  - 764 bridges greater than 20 feet in RI
    - 23% or 177 are classified as structurally deficient
      - Federal Highway Administration’s 2015 National Bridge Inventory Data
  - 1 fully-loaded 5-axle tractor trailer has same impact on interstate as 9,600 cars
    - According to U.S. General Accounting Office
2016 – H 7409: Findings

- RI depends on 3 primary sources for funding all construction, maintenance, and operations
  - Federal funds, state bond funds, motor fuel taxes
- There is insufficient revenue available from existing sources to fund maintenance and improvement of RI transportation infrastructure
Funding gap remains between revenue needed to maintain all bridges in structurally sound & good condition & annual amounts generated by current dedicated revenue sources

- 2011 Assembly dedicated additional RICAP and created Highway Maintenance Account (HMA) from increase in license & registration fees beginning in FY 2014
- 2014 Assembly provided additional revenue to HMA
2016 – H 7409

- Establishes Findings
- **Authorizes collection of user fees/tolls on large commercial trucks**
- Authorizes bonds to finance the plan
Federal law allows tolls for “reconstruction or replacement of a toll-free bridge or tunnel and conversion of the bridge or tunnel to a toll facility.

Bridges are broadly defined
- Include spans of 20 ft. or more
H 7409: User Fees/Tolls

- Authorizes collection of user fees/tolls on large commercial trucks
  - Prohibits tolls on smaller vehicles
    - Calls for voter approval of any plan to toll passenger cars
  - Limited to FHWA Class 8 and above
    - Smallest is a single trailer with 3 or 4 axels
## FHWA Vehicle Classifications

<table>
<thead>
<tr>
<th>Class</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>1-2</td>
<td>Motorcycles (1); Passenger Cars (2)</td>
</tr>
<tr>
<td>3-4</td>
<td>Pickups, Panels, Vans (3); Buses (4)</td>
</tr>
<tr>
<td>5-6</td>
<td>Single Unit Trucks – two axels (5); three axels (6)</td>
</tr>
<tr>
<td>7</td>
<td>Single Unit Trucks – four or more axles</td>
</tr>
<tr>
<td>8</td>
<td>Single Trailer - three or four axles</td>
</tr>
<tr>
<td>9-10</td>
<td>Single Trailer - five axles (9) six or more (10)</td>
</tr>
<tr>
<td>11</td>
<td>Multi Trailer - five or fewer axels</td>
</tr>
<tr>
<td>12-13</td>
<td>Multi Trailer - six axels (12); seven + (13)</td>
</tr>
</tbody>
</table>
H 7409: User Fees/Tolls

- Authorizes DOT director to designate toll bridges
- DOT authority to set and adjust tolls based on cost of replacement and operation
- Advanced notification prior to posting public hearing on tolls: Governor, Speaker and President of Senate
H 7409: User Fees/Tolls

- Limits use of revenues to costs associated with the stated purposes
  - Tolls can only be used for gantries, and bridge work and maintenance or other permitted federal uses
- Provides for procurement of toll facilities
- Limits one way toll on 95 from CT to MA to $20
- Limits one day toll total to $40
Establishes authority for penalty for non-payment of toll
Establishes $3,000 fine for toll evasion
- Traffic tribunal and fines go to fund
## Example Routes: 2015 Proposal

<table>
<thead>
<tr>
<th>Enter RI</th>
<th>Exit RI</th>
<th>Distance</th>
<th>Max. Fee*</th>
<th>Cost per Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-95 (CT)</td>
<td>I-95 (MA)</td>
<td>43 miles</td>
<td>$49.50</td>
<td>$1.15</td>
</tr>
<tr>
<td>I-95 (CT)</td>
<td>I-295 (MA)</td>
<td>51 miles</td>
<td>$49.50</td>
<td>$0.97</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>I-95 (CT)</td>
<td>40 miles</td>
<td>$46.50</td>
<td>$1.16</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>I-95 (MA)</td>
<td>11 miles</td>
<td>$36.00</td>
<td>$3.27</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>Route 6 (CT)</td>
<td>27 miles</td>
<td>$35.50</td>
<td>$1.31</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>Route 146 (MA)</td>
<td>22 miles</td>
<td>$49.50</td>
<td>$2.25</td>
</tr>
<tr>
<td>Route 6 (CT)</td>
<td>I-295 (MA)</td>
<td>29 miles</td>
<td>$20.00</td>
<td>$0.69</td>
</tr>
</tbody>
</table>

*Expected but not limited in article; only revision to original was one gantry hit per day limit.
# Example Routes: Current

<table>
<thead>
<tr>
<th>Enter RI</th>
<th>Exit RI</th>
<th>Distance</th>
<th>Fee</th>
<th>Cost per Mile</th>
</tr>
</thead>
<tbody>
<tr>
<td>I-95 (CT)</td>
<td>I-95 (MA)*</td>
<td>43 miles</td>
<td>$20.00</td>
<td>$0.46</td>
</tr>
<tr>
<td>I-95 (CT)</td>
<td>I-295 (MA)</td>
<td>51 miles</td>
<td>$20.50</td>
<td>$0.41</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>I-95 (CT)</td>
<td>40 miles</td>
<td>$17.50</td>
<td>$0.44</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>I-95 (MA)</td>
<td>11 miles</td>
<td>$13.50</td>
<td>$1.23</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>Route 6 (CT)</td>
<td>27 miles</td>
<td>$19.00</td>
<td>$0.70</td>
</tr>
<tr>
<td>I-195 (MA)</td>
<td>Route 146 (MA)</td>
<td>22 miles</td>
<td>$19.00</td>
<td>$0.86</td>
</tr>
<tr>
<td>Route 6 (CT)</td>
<td>I-295 (MA)</td>
<td>29 miles</td>
<td>$8.50</td>
<td>$0.29</td>
</tr>
</tbody>
</table>

*limited in article; as is one day total
Establishes Findings

Authorizes collection of user fees/tolls on large commercial trucks

Authorizes bonds to finance the plan
Grant Anticipation Revenue Vehicle – or “GARVEE” bonds

- New borrowing of $300 million

- Refinance existing for upfront $120 million and net cost of $13.9 million
Financing mechanism

- GARVEE – program approved by Congress that allows states to borrow funds backed and repaid by the annual allocation of Federal Highway Administration construction funds
Financing mechanism

- 2003 Assembly authorized $660.7 million for 5 major projects
  - I-195 relocation, Sakonnet River Bridge, Washington Bridge, Freight Rail Improvement, and Route 403

- This is the debt that would be refinanced to provide $120 million more up front
Transportation Debt Service

- General Obligation Bond Debt Service
  - FY 2015 - $46.2 million
  - FY 2016 - $46.0 million

- GARVEE Bond Debt Service
  - ~ $50 million per year from federal funds
  - Two cents of DOT’s gas tax for state match
    - FY 2015 - $8.6 million
    - FY 2016 - $8.5 million
RhodeWorks Proposal

- In December federal government finally approved increased funding & stability
- New resources not in original plan
  - Pledging those funds instead of tolls allows caps on toll amounts
  - Lower level of tolling still provides sustainable source that targets users
RhodeWorks Proposal

- Lowers total borrowing needed to make the upfront repairs that save money over time
- Borrowing needed to begin work on toll bridges because tolling cannot begin until contract for work is awarded
- Assumes $400 million for state match on 6/10 project not accounted for in “constrained” models
### Comparison

<table>
<thead>
<tr>
<th></th>
<th>June 2015</th>
<th>Jan 2016</th>
</tr>
</thead>
<tbody>
<tr>
<td>Toll Bonds</td>
<td>$591M - $500M project</td>
<td>None</td>
</tr>
<tr>
<td>GARVEE Bonds</td>
<td>Refi $120M</td>
<td>Refi + new $300M</td>
</tr>
<tr>
<td>Debt Service</td>
<td>$1,063M</td>
<td>$490M max</td>
</tr>
<tr>
<td>Gantries</td>
<td>17</td>
<td>14</td>
</tr>
<tr>
<td>Tolls: I-95</td>
<td>$30/$60 - not capped</td>
<td>$20/$40 - capped in law</td>
</tr>
<tr>
<td>1-way/daily</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Median Toll</td>
<td>$3.50</td>
<td>$3.00</td>
</tr>
</tbody>
</table>
Other Issues and Information

- Economic Impact Analysis
- Traffic Studies
- DOT Reorganization
- Gas Tax
  - Diesel
- Registration fees
- Prior Actions, reports, studies
REMI study shows overall 6k jobs get added –
- mostly construction offsetting manufacturing and trucking industry losses
- assumes RI gets $400 million federal funds for 6/10

REMI does not attempt to model behavior changes
REMI does not evaluate soundness of plan
Revenue projections hinge on traffic
- Current flow including in/out of state
- Likelihood of diversion

Initial proposal based on internal data
- Flawed but results from level II subsequent study supported aggregate revenue

Level II study
- Traffic data for 17 points
- Diversion estimates for multiple toll levels
**Traffic Studies**

- **Diversion**
  - Occurs when cost of toll exceeds cost to divert
    - Measured by time and distance
  - Multiple gantries make diversion less likely
    - Local road restrictions also do that
  - Toll scenarios/gantry location have to be calibrated to all of this data
Traffic Studies

- Investment Grade Study
  - Longer 6+ months
  - More expensive - $2 million
  - Likelihood of diversion
    - Needed if borrowing against toll to make bonds viable
  - Differ depending on issue
    - New road or new bridge vs existing
FY 2016 Budget: Reorg of DOT

- Requires DOT to be organized in accordance with a project management-based program & utilize an asset management system
  - Manages delivery of projects from conception to completion
FY 2016 Budget: Reorg. DOT

- Requires offices of:
  - Safety
  - External Affairs
  - Legal
  - Personnel
  - Information Services
- Other Divisions or subdivisions as Director deems necessary
Gasoline Tax

- Gasoline tax is assessed at both the federal and state level
- Levied on a per gallon basis
- Yields have decreased in the past decade
  - Economic downturn
  - High unemployment
  - Lower consumption
Gasoline Tax – FY 2016

- Derived from 34.0 cents per gallon
  - 1 cent increase from FY 2015
  - $143.2 million

- Deposited into Intermodal Surface Transportation Fund

- Distribution to transportation entities contained in statute
## Regional Gasoline Taxes

<table>
<thead>
<tr>
<th>Cents per gallon</th>
<th>Gas</th>
<th>Diesel</th>
</tr>
</thead>
<tbody>
<tr>
<td>Rhode Island</td>
<td>34.0</td>
<td>34.0</td>
</tr>
<tr>
<td>Connecticut</td>
<td>37.5</td>
<td>50.3</td>
</tr>
<tr>
<td>Maine</td>
<td>30.0</td>
<td>31.2</td>
</tr>
<tr>
<td>Massachusetts</td>
<td>26.5</td>
<td>26.5</td>
</tr>
<tr>
<td>New Hampshire</td>
<td>23.8</td>
<td>23.8</td>
</tr>
<tr>
<td>Vermont</td>
<td>30.7</td>
<td>32.0</td>
</tr>
<tr>
<td>New England Average</td>
<td>30.4</td>
<td>33.0</td>
</tr>
<tr>
<td>U.S. Average</td>
<td>30.3</td>
<td>30.0</td>
</tr>
</tbody>
</table>

Source: American Petroleum Institute, includes state surcharges
## Gasoline Tax – Diesel

<table>
<thead>
<tr>
<th>Fiscal Year</th>
<th>Gas Tax per Gallon</th>
<th>Diesel Collections</th>
<th>Diesel Gallons</th>
<th>Per Penny Yield</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>$0.32</td>
<td>$20,564,687</td>
<td>64,264,647</td>
<td>$642,646</td>
</tr>
<tr>
<td>2013</td>
<td>$0.32</td>
<td>$18,600,252</td>
<td>58,125,788</td>
<td>$581,258</td>
</tr>
<tr>
<td>2012</td>
<td>$0.32</td>
<td>$18,308,055</td>
<td>57,212,672</td>
<td>$572,127</td>
</tr>
<tr>
<td>2011</td>
<td>$0.32</td>
<td>$19,572,914</td>
<td>61,165,356</td>
<td>$611,654</td>
</tr>
<tr>
<td>2010*</td>
<td>$0.32</td>
<td>$18,298,527</td>
<td>57,182,897</td>
<td>$571,829</td>
</tr>
<tr>
<td>2009</td>
<td>$0.30</td>
<td>$18,105,297</td>
<td>60,350,990</td>
<td>$603,610</td>
</tr>
</tbody>
</table>

*Tax increased from $0.30/gallon to $0.32/gallon*
## Gasoline Tax Proceeds (Cents)

<table>
<thead>
<tr>
<th>Entity</th>
<th>Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Department of Transportation</td>
<td>19.25</td>
</tr>
<tr>
<td>Public Transit Authority</td>
<td>9.75</td>
</tr>
<tr>
<td>Turnpike &amp; Bridge Authority</td>
<td>3.5</td>
</tr>
<tr>
<td>Elderly Transportation - DHS</td>
<td>1.0</td>
</tr>
<tr>
<td>Environmental Protection Fee</td>
<td>0.5</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>34.0</strong></td>
</tr>
</tbody>
</table>
Gasoline Tax Proceeds

- Total of $143.2 million for all of transportation in FY 2016
  - DOT - $82.3 million
  - RIPTA - $41.7 million
  - Turnpike & Bridge - $15.0 million
  - Elderly Transportation - $4.3 million
IFTA: International Fuel Tax Agreement

- Interstate carriers must pay RI gas tax for miles driven in RI regardless of where sold
- RI fuel sales reconciled with reported miles, exchanging funds w/other states as required
- Transactions reconciled thru a different account –
  - net total is expected to be $0.5 million - add to gas tax for more accurate total of gas tax collections
International Registration Program

Commercial vehicle registration shared between states if truck is:

- Over 26,000 lbs gross vehicle weight;
- 3+ axles, regardless of weight;
- Power unit & trailer with combined weight over 26,000 lbs; or
- Truck in declared fleet that operates in two IRP jurisdictions
Truck Registration

- Annual Fee from $1,044 to $1,344
  - If a truck is operated in multiple states, owner reports mileage driven in each state
  - Taxes paid proportionately based on the mileage driven
  - Owner pays taxes in one state – “Base”
    - “Base” state apportions fees to other states
- Class 8 and above appear to account for $2.9 million in annual revenue
Panel recommended a “cafeteria” style list of options to address need

- Tolling Interstate 95
- Transferring the ownership of state maintained bridges to the RITBA
- Establishing surcharges for transportation related DMV fees
- Increasing the gasoline tax
- Redirecting current revenue streams
2013 Bridge Commission Considerations

- Fair and equitable
- Implementable
- Diversified
- Dedicated
- Efficient in the cost of collections
- Sustainable
- Indexed to inflation
- "user pays, user benefits"

- Easy to understand & market to the public
- Supportive of preserving the existing transportation system
- Supportive of economic development
- Measurable and transparent
2014 Assembly Changes

- **Article 21 2014-H 7133**
  - Transfers new revenue sources
  - DMV fees deposited as general revenues
  - Into the Highway Maintenance account for DOT operations

- All DOT funding scenarios assume use of this additional funding
2014 Assembly Changes

- Inspection fee from $39 to $55
- $25 surcharge for good driving dismissal
  - Provided to DOT in FY 2015
- Established schedule to transfer transportation related fees from DMV to DOT
  - Deposited as general revenues
  - Worth $52.8 million
2014 Assembly Changes

- Indexes gasoline tax
  - Consumer Price Index
  - Every other year rounded to the nearest cent
- Transferred 3.5 cents of gasoline tax to the Turnpike and Bridge Authority
  - Used in lieu of tolls
  - For operations and maintenance of the bridges under the Authority’s purview
2014 Assembly Changes

- Transferred 5.0 percent of funding from Highway Maintenance Account to RIPTA
- Support operations beginning in FY 2016
- Initially projected to be approximately $2.7 million
- Grow with increasing amounts of revenue in fund
Summary

- Revised “RhodeWorks” plan now contained in 2016 – H 7409
  - HFAS update to prior presentations
  - DOT Testimony
- Related proposals
  - H -7191 Amend Constitution to prohibit passenger car tolls w/o voter consent
  - H -7192 “Bridgeworks” plan
  - H - 7340 Public-Private Transportation Partnerships
RhodeWorks 2016 - H 7409

Staff Presentation to the House Finance Committee
February 4, 2016