



SENATE FISCAL OFFICE
REPORT

SENATE COMMISSION ON SUSTAINABLE TRANSPORTATION FUNDING

JUNE 10, 2011

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A special thanks to the staff of the Rhode Island Department of Transportation, the Rhode Island Public Transportation Authority, the Division of Planning in the Department of Administration, the Rhode Island Turnpike and Bridge Authority, and the Federal Highway Works Administration for the information provided to the Commission and Commission staff.

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Executive Summary

Senate Resolution 2010 S-3023 created a special legislative commission on sustainable transportation funding, known as the “Study Commission on Sustainable Transportation Funding.” The Commission consisted of twelve members, charged with making a comprehensive examination of issues relating to the desirability and feasibility of the state developing and implementing new funding sources for the Department of Transportation and the Rhode Island Public Transit Authority and providing policymakers with viable options to strengthen transportation financing and to ensure the State maintains and invests in its infrastructure. The Commission held six meetings, which included presentations from staff members of the Senate Fiscal Office, the Department of Transportation (DOT), the Department of Administration Division of Planning, the Rhode Island Public Transit Authority (RIPTA), the Rhode Island Turnpike and Bridge Authority (RITBA) and the Federal Highway Works Administration (FHWA). The Commission also examined transportation funding trends across states, among quasi-public agencies, and at the federal level.

The Commission reviewed three transportation funding priorities and nine transportation funding opportunities. Although discussion took place and wording was amended, all of the suggested funding opportunities were approved by a majority of Commissioners.

TRANSPORTATION FUNDING PRIORITIES

- Eliminate bonding to provide the state match for federal funds.
 - No new bonds: replace with alternate sources.
 - Eliminate debt service payments and reallocate gas tax revenue for operations and maintenance.
- Provide additional funding for Department of Transportation operations, maintenance, and capital.
- Provide additional funding for local roads, RIPTA.

TRANSPORTATION FUNDING OPPORTUNITIES

1. Establish a Transportation Trust Fund to implement the stated priorities.
2. Increase motor vehicle registration and license fees and dedicate solely to transportation in accordance with the stated priorities.
3. Dedicate transportation-related fees to the Transportation Trust Fund in accordance with the stated priorities. The Commission recognizes that this creates a funding gap in the General Fund.
4. Consider tolls on the I-95 corridor, or other locations, after appropriate impact study.
5. Consider commercial enterprise at highway rest stops in Rhode Island.
6. Advocate for increased funding in the upcoming federal transportation authorization.
7. Consider seeking public/private partnerships where feasible.
8. Continue to examine new methods of funding transportation projects.
9. Consider conducting an in-depth and comprehensive Vehicle Miles Traveled (VMT) fee study, including economic, privacy, and environmental factors.

Summary of Key Facts

TRANSPORTATION FUNDING IN RHODE ISLAND

Intermodal Surface Transportation Fund (Operating Funds)

Prior to FY1994, funding for transportation was provided through general revenue, restricted receipts and federal funds. In FY1994, the State established an Intermodal Surface Transportation Fund (ISTF) to finance all of the Rhode Island Department of Transportation (DOT) personnel, operating, and ongoing repair and renovation expenditures for DOT facilities. In addition, the fund includes highway debt service, Rhode Island Public Transit Authority (RIPTA) operating funds, and funds dedicated to elderly transportation.

Financing for the ISTF is provided by the State's \$0.32 per gallon Motor Fuel (gas) tax. The State's gas tax is no longer estimated by the Revenue Estimating Conference (REC), since no portion of the gas tax is deposited into the General Fund. However, the Budget Officer and the Office of Revenue Analysis have established a system to develop estimates on a similar schedule to the REC, at the request of the departments and agencies dependent on gas tax revenues. In FY2011, the gas tax is expected to generate \$4.3 million per penny in revenue. In addition to the \$0.32 gas tax, RIPTA receives half of the one cent (\$0.01) fee per gallon collected to support Underground Storage Tank (UST) remediation.

The tables below represent the gas tax collection history for Rhode Island:

	Motor Fuel Tax Distribution					Total ³	Motor Fuel Tax Distribution: Cents/Gallon				
	General Revenue	DOT/ Highway	RIPTA/ Transit	UST Fund			General Revenue	DOT/ Highway	RIPTA/ Transit ³	UST Fund	Total
FY2002	\$1.2	\$95.3	\$33.7	\$4.6		\$134.8	\$0.25	\$20.50	\$7.25	\$1.00	\$29.00
FY2003	10.4	94.8	33.5	4.6		143.4	2.25	20.50	7.25	1.00	31.00
FY2004 ¹	6.6	98.3	37.2	4.7		146.8	1.40	20.75	7.85	1.00	31.00
FY2005	9.5	98.4	34.4	4.7		147.0	2.00	20.75	7.25	1.00	31.00
FY2006	4.8	98.7	39.2	4.8		147.5	1.00	20.75	8.25	1.00	31.00
FY2007	4.7	97.6	38.8	4.7		145.8	1.00	20.75	8.25	1.00	31.00
FY2008	4.5	93.9	37.3	4.5		140.3	1.00	20.75	8.25	1.00	31.00
FY2009 ²	4.4	91.0	38.4	2.2		136.0	1.00	20.75	8.75	0.50	31.00
FY2010 ⁴	0.3	92.6	45.5	2.1		140.6	-	21.75	10.75	0.50	33.00
FY2011 Est. ⁵	-	93.3	46.1	2.1		141.6	-	21.75	10.75	0.50	33.00
FY2012 Est. ⁵	-	\$93.3	\$46.1	\$2.1		\$141.6	-	\$21.75	\$10.75	\$0.50	\$33.00

\$ millions. Totals may vary due to rounding.

¹ Distribution for May and June included 3.2 cents/gallon for

² One-half cent/gallon of the UST fee is dedicated to RIPTA

³ Total includes UST fees

⁴ Includes general revenue residual payments from prior years

⁵ Estimate from the Rhode Island Department of Revenue

¹ Distribution for May and June included 3.2 cents/gallon for

² One-half cent/gallon of the UST fee is dedicated to RIPTA

³ Includes 1-cent for the Ride program, allocated to DEA (through

Another source of operating funds is passenger revenue. At this time, passenger revenue is only collected by RIPTA, but as commuter rail expands, it is possible that either RIPTA or DOT may play a larger role in commuter rail service management. In FY2011, passenger revenue will support approximately a quarter of RIPTA's operating costs. Although fares have increased from \$1.75 to two dollars (\$2.00) per trip (one way), and monthly passes have increased from \$55.00 to \$62.00 per month, the cost of service provision is not covered by the fares paid: fares would need to increase to \$5.00 per trip in order to pay the actual costs associated with fuel, personnel, and maintenance for fixed-route bus service. This type of increase would likely reduce ridership, particularly lower income transit users who rely on RIPTA service to get to work, the doctor, the grocery store, and other essential services.

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Capital Funding

ISTF funding also includes the actual capital projects, which are the most visible evidence of DOT's role in the State's infrastructure: these projects are typically funded on an 80.0 percent federal, 20.0 percent local match basis, with the local match provided through general obligation bonds, such as the \$80.0 million, two-year transportation bond approved by the voters in November 2010. These projects are incorporated into a Transportation Improvement Program (TIP), a four-year project selection and work plan required by federal law. The TIP includes projects for both RIPTA and DOT: the plan is formulated by the Transportation Advisory Committee (TAC), a subcommittee of the State Planning Council. The TIP is ultimately approved by the State Planning Council, the Governor, the Federal Highway Works Administration (FHWA) and the Federal Transit Administration (FTA). Currently, the State is in year three of the most recent approved TIP. The chart below shows TIP funding, by category, as amended through November 2010.

As noted, typically the Federal government funds capital projects at 80.0 percent of cost (80/20): this holds true for most TIP categories, with two special exceptions: earmarks, which are federal set-asides included by Congress and intended to fund a specific dollar amount for a project (as much as 100 percent federal) and projects in the CMAQ (Congestion Management Air Quality) category, which may receive 90.0 percent to 100 percent federal funding, depending on location.

Transportation Improvement Program – Project Categories

Project Category	FY2009	FY2010	FY2011	FY2012	Total
Major Projects	\$91.4	\$98.3	\$71.9	\$64.7	\$326.2
Bridge	56.1	101.5	67.1	65.3	289.9
Pavement Management	64.5	23.6	49.5	28.4	166.1
Traffic Safety	28.8	17.3	30.0	30.0	106.1
Interstate	24.8	6.1	15.5	31.5	77.9
Administrative	20.8	22.7	11.1	11.1	65.7
Highway	22.5	14.7	12.9	14.6	64.6
Bicycle/Pedestrian/CMAQ	10.4	7.1	15.6	11.7	44.8
Enhancement/Planning/Study	12.7	9.5	11.0	10.8	44.0
Rail - Transit	14.7	23.8	6.2	8.9	53.6
Total	\$346.6	\$324.7	\$290.7	\$277.0	\$1,238.9

\$ in millions, totals may vary due to rounding

Other Borrowing

General obligation borrowing is a significant source of transportation revenue. The following charts represent general obligation bond borrowing as a percentage of the overall DOT and RIPTA budgets:

Bond Borrowing as % of DOT Budget

Year	Bond	Budget	%
Pre-FY2011	\$171,678,159	\$1,131,372,516	15.2%
FY2011	48,550,739	476,299,929	10.2%
FY2012	51,625,846	379,720,927	13.6%
FY2013	\$40,500,000	\$286,345,532	14.1%

Bond Borrowing as % of RIPTA Budget

Year	Bond	Budget	%
Pre-FY2011	\$6,250,022	\$1,227,565,307	0.50%
FY2011	4,453,249	539,014,420	0.83%
FY2012	200,000	392,868,130	0.05%
FY2013	\$4,430,000	\$311,407,299	1.42%

GARVEE Borrowing

In November 2003, Rhode Island DOT issued the first Grant Anticipation Revenue Vehicle (GARVEE) bonds to advance implementation of five major transportation projects. In Article 36 of the FY2004 Budget as Enacted, the General Assembly passed a Public Corporation Debt Management Joint Resolution to authorize the issuance of bonds to complete the following five (5) major transportation infrastructure projects listed below. Three rounds of funding for the GARVEE, totaling \$591.6 million, have been issued through the Economic Development Corporation (EDC): RIDOT has maintained a AA rating for all three series of bonds. These bonds are not backed by the State, but by future federal transportation funds for Rhode Island. The GARVEE debt service is paid by annual federal highway apportionments. The debt service must be paid first each federal fiscal year and averages about \$50.0 million annually.

The following table shows the funding status of the GARVEE projects: total project costs are shown for each major project, along with estimated GARVEE funding and other funding (Motor Fuel Tax revenue).

Project	GARVEE Funding	GARVEE		Motor Fuel Bonds	Other Funding	Total Cost
		Interest & Residuals				
Route 195 Relocation (the I-Way)	\$292.9	\$29.4		\$67.3	\$244.4	\$634.0
Phase II, Route 403	90.3	3.7		20.1	83.1	197.2
New Sakonnet River Bridge	104.3	16.7		10.8	103.5	235.3
New Washington Bridge	72.4	-		-	-	72.4
Freight Rail Improvement Project (FRIP)	31.7	2.5		7.4	194.1	235.7
Total	\$591.6	\$52.3		\$105.6	\$625.1	\$1,374.6

\$ in millions. Totals may vary due to rounding.

I-195 Relocation: The Department has included a total of \$322.3 million in GARVEE bond funding through FY2013 for the completion of this project, which involves the relocation of a 1.6 mile stretch of Interstate 195 (I-195) and a 0.8 mile segment of Interstate 95 (I-95). The project has relocated the highway spans to the south of the Hurricane Barrier, and created more than 20 acres of developable land in the “Knowledge District”. This project has entered its final phases, which include landscaping, surface road relocation, demolition of old portions of the highway, construction of a pedestrian bridge, park amenities, and two additional ramps. Additional sources include motor fuel bonds (\$67.3 million) and other highway funds (\$244.4 million). Construction is expected to be completed in 2013.

Quonset Access Road – Route 403: The Department has included a total of \$94.0 million in GARVEE bond funding through FY2013 for the completion of this project, which involved the construction of a new freeway segment from Route 4 in East Greenwich to the Quonset Industrial Park. The freeway segment is 4.5 miles long and has four lanes. Stage I of the project was funded by Federal Highway allocations and focused on construction in and adjacent to the roadways of Quonset and West Davisville, while Phase II, which has been funded through GARVEE and Motor Fuel bonds, connected Phase I with Route 4 in East Greenwich. Additional sources include motor fuel bonds (\$20.1 million) and other highway funds (\$83.1 million). Completion of the project includes \$5.7 million in FY2011 for the replacement of a bridge over Frenchtown Brook and completion of landscaping contracts.

Sakonnet River Bridge: The Department has included a total of \$121.0 million in GARVEE bond funding through FY2012 for the construction of this project, which will replace the existing Sakonnet River Bridge, built in 1956. The Sakonnet River Bridge has had weight restrictions placed on truck and trailer traffic, and has deteriorated rapidly across the center span. A new bridge is under construction adjacent to the existing structure. Additional sources include motor fuel bonds (\$10.8 million) and other highway funds (\$103.5

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million).. The below the waterline portion of the project has been completed, and the bridge is scheduled for completion in FY2012.

Washington Bridge Repairs: The Department has included a total of \$72.4 million in GARVEE bond funding through FY2013 for the completion of this project, which involved the construction of a new eastbound span, to replace the existing 1928 span. The westbound span was reconstructed in 1970. Additional construction will occur in conjunction with the I-195 relocation through FY2013.

Freight Rail Improvement Project (Third Track): The Department has included a total of \$34.2 million in GARVEE bond funding through FY2011 for the rehabilitation or construction of track over 22 miles, between Central Falls and West Davisville, in order to allow for an expanded role of freight rail in commercial and industrial development in Rhode Island. The total cost of the project is \$235.7 million. Additional sources include motor fuel bonds (\$7.4 million) and other highway funds (\$194.1 million). The only work remaining to be completed includes environmental remediation along several sections of track, programmed at \$2.0 million in FY2011.

Federal Funding

In addition to funding from bonds, Rhode Island relies heavily on federal transportation funding. The following charts show the level of federal funding for both the DOT and RIPTA. Declines in federal funding between FY2011 and FY2012 are due primarily to the elimination of AARA grant funding.

Rhode Island Department of Transportation (DOT)

	FY2010	FY2011	FY2011	FY2012
	Actual	Enacted	Revised	Governor
DOT Federal Funding	\$242.3	\$318.8	\$340.1	\$303.0
Total DOT Expenditures	375.9	428.8	450.9	435.0
% Federal Funding	64.9%	74.3%	75.7%	69.5%

\$ in millions. Totals may vary due to rounding.

Rhode Island Public Transit Authority (RIPTA)

	FY2010	FY2011	FY2011	FY2012
	Actual	Enacted	Revised	Governor
RIPTA Federal Subsidy	\$20.5	\$24.4	\$24.4	\$20.6
Total RIPTA Expenditures	94.9	100.3	100.3	102.7
Percent Federal of Overall	21.7%	24.9%	24.9%	20.8%

\$ in millions. Totals may vary due to rounding.

Planning

Rhode Island has a comprehensive transportation policy plan known as Transportation 2030. Transportation 2030 identifies funding needs, funding sources, and the fiscal constraints that the system faces over the next 20 years. The most recent long-range plan, as approved by the State Planning Council in August 2008, represents the current status of all transportation systems in Rhode Island, and estimates the future needs and challenges facing these systems. Representatives from each State department and quasi-public agency with a stake in the transportation needs of Rhode Island cooperated in the development of Transportation 2030. The vision established by the State for transportation is best summed up as follows:

“Our common vision recognizes transportation as a core function that threads through other elements of society. Transportation connects the state with the global and regional economies, the home with the workplace, the individual with the community, and all of us with one another. It must equitably benefit

all communities, and must be reconciled with quality of life issues as vital as the air we breathe, the water we drink, and the preservation of our natural and historic heritage and beauty of the natural and built environments. It cannot exist independently of these concerns.” (*Transportation 2030: State Guide Plan Element*)

BACKGROUND – NATIONAL AND STATE ISSUES

Nationally, 2011 will be a watermark year for transportation funding at the federal level. The current authorization for transportation funding, SAFETEA-LU (Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users) expired unless Congress takes further action before October 1, 2011.

Originally set to expire at the end of FFY2009, SAFETEA-LU mapped out the federal allocations and priorities for the distribution of Highway Trust Fund dollars. According to the Government Accounting Office (GAO), since FY2005, Rhode Island received the fourth highest amount of Federal Highway funding for each dollar in federal fuel tax collected (\$2.91), behind only Washington D.C., Alaska, and Vermont.

Although several extensions of current funding levels have been enacted, the new Congress is charged with developing a new transportation funding policy at the Federal level. Not only does it need to craft new authorization legislation, but the Federal Highway Trust Fund is running out of money: although intended to be self-sustaining through the 18.3 cent per gallon Federal gas tax, \$32.5 billion in supplemental general revenue has been paid into the Federal Highway Trust Fund since 2008. ARRA added another \$40.0 billion for transportation projects, \$26.0 billion of which was distributed by the same formula as Federal Highway funds.

In 2009, the National Surface Transportation Infrastructure Financing Commission, a 15-member bipartisan commission created by Congress to study transportation funding, recommended an immediate ten cent (\$0.10) increase in the federal gas tax, along with annual indexing of the federal gas tax to inflation, and implementing a system that would charge all motorists for their miles driven (Vehicle Mileage Tax, or VMT) by 2020. To date, no action has been taken on the Commission’s recommendations.

At the state level, studies conducted under the auspices of the Governor’s Blue Ribbon Panel on Transportation Funding (the Panel) in 2008 identified a \$285.0 million per year funding gap for transportation-related capital projects in Rhode Island over the next decade. (A level of \$640.0 million per year needed to maintain the roads and bridges at a minimum of ‘good’ condition, minus average annual state and federal capital funding of \$354.0 million a year.) The Panel found that:

- Of the state’s 772 bridges, 164 are structurally deficient, 61 have posted weight limits, and 200 bridges are functionally obsolete;
- The state’s road pavement conditions include 26.0 percent of roads in failed or poor condition;
- There has been a 76.0 percent increase in the cost of highway and bridge construction since 2001 compared to 21.0 percent overall inflation in same period of time; and
- In Rhode Island, state taxes/fees or other revenue represent 27.0 percent of total transportation spending, versus the national average of 53.0 percent.

The gap was reduced slightly by the infusion of ARRA funds (\$178.8 million) between FY2009 and FY2012, and approval of \$108.1 million in bonding authority for the Rhode Island Turnpike and Bridge Authority (RITBA) to maintain the Newport/Pell and Mount Hope Bridges over the next 10 years. However, the estimated gap remains at \$242.0 million per year through 2018. Additional funds would allow the State to meet bridge and road maintenance and repair needs, but the analysis completed by staff

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at the request of the Panel does not take into account any new construction. The Department's FY2012 Capital Budget request includes \$55.0 million in new expenditures but no fund source is identified. Of the additional expenditures, \$30.0 million would be allocated to a State-funded Bridge Rehabilitation program, and \$25.0 million would be allocated to a State-funded Pavement Management program.

Some of the suggestions made by the Panel to fund transportation projects included increases in the gas tax, addition of a wholesale petroleum products tax, implementation of tolls, transfer of the Sakonnet River Bridge from DOT to RITBA, and increases in various motor vehicle related fees, such as registrations, which would be dedicated to fund transportation.

To date, few of the Panel's recommendations have been addressed. DOT has released a draft of a recent tolling study for Interstate 95, which was completed in the summer of 2010. The Governor proposed the transfer of the Sakonnet River Bridge as part of the FY2011 Budget (Article 28), but the transfer was not included in the FY2011 Budget as Enacted. The General Assembly shifted half of a penny from the UST Fund to RIPTA as part of the FY2009 Supplemental Budget to help address RIPTA's operating deficits. The Legislature also increased the gas tax by two cents (\$0.02) to fund RIPTA operations and allocated the one remaining penny (\$0.01) of the gas tax previously deposited to the General Fund to DOT instead as part of the FY2010 Budget as Enacted.

TRANSPORTATION AGENCIES NOT FUNDED THROUGH THE BUDGET PROCESS

The State also has two transportation agencies which are not funded through the annual budget process: the Rhode Island Turnpike and Bridge Authority (RITBA) and the Rhode Island Airport Corporation (RIAC). These two quasi-public agencies require General Assembly approval (through Public Corporation Debt Management resolutions) to issue debt, but they are not supported by general revenue or motor fuel tax dollars.

The Rhode Island Turnpike and Bridge Authority (RITBA) has an operating budget of \$12.2 million in FY2011, and a capital program totaling \$27.9 million. The Authority oversees the operations of the Newport/Pell Bridge and the Mount Hope Bridge. RITBA is managed by an Executive Director and a five-(5) member Board of Directors. In 2009, the General Assembly authorized the issuance of \$50.0 million in revenue bonds to finance bridge maintenance and repair. In 2010, the General Assembly authorized an additional \$68.1 million in revenue bonds, which will allow RITBA to complete repairs and renovations necessary to maintain the bridges for the next ten (10) years.

The Rhode Island Airport Corporation (RIAC) has an operating budget of \$48.0 million in FY2011 and a capital program totaling \$17.3 million. RIAC oversees operations at T.F. Green Airport in Warwick, and contracts with Landmark Aviation to provide management at five (5) General Aviation (GA) airports: Block Island, Newport, North Central, Quonset, and Westerly. The Board of RIAC consists of seven (7) appointed members: daily operations are overseen by the President/Chief Executive Officer. RIAC has \$10.1 million in general obligation bonds outstanding with the State as of June 30, 2010, and anticipates repayment of \$1.9 million in FY2011. RIAC indicated intent to request additional revenue bond authorization in 2011 but has not yet developed information on the projects prior to requesting a PCDM authorization.

Potential Barriers to Transportation Funding Reform

In every state, there are political, regulatory, and structural barriers to transportation funding reform that need to be considered or addressed. In order to expand the base of transportation funding, new sources and operating efficiencies must be identified. These sources are not always easy to accept and some options are more palatable than others.

Today, Rhode Island relies on three sources of funding, but dependence on each of the three sources poses a unique set of problems. Uncertainty in federal funding, lack of growth in gas tax revenue, and an increased debt service burden as a result of borrowing all combine to create a sense of urgency to develop solutions through efficiencies and alternative revenue sources.

Federal Funding

As of May 27, 2011, the authorization legislation being reviewed in the Senate Environment and Public Works Committee would fund programs at current levels, eliminate earmarks, make structural program changes, strengthen the TIFIA loan program, and focus on expedited project delivery. The six-year authorization package would provide \$339.2 billion, \$216.8 billion less than the authorization proposed by the Administration.

Gas Tax

Rhode Island gas tax collections have not followed a clear pattern over the past decade, but they did reach a peak of \$147.5 million in FY2006 (*see also table on page 3 of this report*). Total collections have varied by \$12.7 million, or 9.0 percent of the FY2010 actual collections. In May 2011, the Office of Revenue Analysis in the Department of Revenue revised the gas tax estimate for FY2011 and FY2012 downward, resulting in a combined loss of \$1.4 million in transportation funding.

Bonding and Debt Service

The heavy reliance on borrowing has created a cycle of increasing debt service payments that leave less revenue for operations and maintenance. Maintaining the same borrowing schedule of \$80.0 million every two years, along with similar interest and stagnant gas tax revenue, could result in a dramatic decline in available funds.

Fiscal Year	Debt Service	DOT Gas Tax After Debt Service*
2011	\$43.7	\$41.1
2012	48.4	36.4
2013	58.9	25.9
2014	52.4	32.4
2015	\$59.3	\$25.5

\$ in millions

** Does not include annual \$0.02 of gas tax dedicated to repay GARVEE*

Source: Department of Transportation

The Commission's adopted priorities and opportunities reflect the most critical element of change in Rhode Island: a shift away from reliance on three sources of funding and an expansion of the transportation funding base into user fees, along with future consideration for public-private partnerships, alternative federal sources, and new methods of user-fee collection based on emerging technologies.

Policymakers should also consider whether transportation funding should support the current system, in its current form, or whether alternative modes of transportation, such as expansion of bus services and commuter rail, should be incorporated into future funding requirements. Policymakers should consider the appropriate vehicle for implementing the recommendations of the Commission.

Senate Study Commission on Sustainable Transportation Funding – Meetings

The Senate Commission held six hearings between April 2011 and June 2011. The hearing dates and summaries for each meeting are as follows:

SUMMARY OF FIRST MEETING - APRIL 1, 2011:

Senator Pichardo called the meeting to order and made opening remarks. A copy of the resolution that established the Commission was distributed. Senator Pichardo focused on the mission of the Commission, the issues that the Commission will examine, and the need for Commission members to participate in order to ensure that the recommendations of the Commission represent a wide range of options and concerns.

Commission members in attendance introduced themselves: David Sullivan, Tax Administrator; Senator David Bates; Lenette Boisselle, representing the Petroleum Industry; John Simmons of RIPEC; Michael Lewis, DOT Director; Charles Odimgbe, CEO of RIPTA; Jerry Elmer of the Conservation Law Foundation (CLF) and Coalition for Transportation Choices (CTC); and Sharon Conard Wells, former RIPTA Board member and Executive Director of the West Elmwood Housing Development Corporation. Rosemary Booth Gallogly, Director of the Department of Revenue, was present in the audience, as was staff from the CTC, Grow Smart, RIPTA, and DOT. Meredith Brady of the Senate Fiscal Office will be providing staff support for the Commission.

The Commission reviewed the draft agenda for upcoming meetings. Several members expressed interest in reviewing findings of other studies and commissions first to gain understanding of the work that has already been done. Other Commission members emphasized the importance of the inventory of needs for transportation funding.

It was determined that the Commission will hold at least four more meetings:

- Wednesday, April 20, 2011 at 2 p.m.
- Monday, May 2, 2011 at 9 a.m.
- Monday, May 16, 2011 at 9 a.m. and
- Monday, June 6, 2011 at 9 a.m.

The reporting deadline for the Commission, by statute, is June 10, 2011: the Commission will review progress after the third meeting to determine whether an extension to the reporting deadline will be needed. Senate Fiscal staff, assisted by staff from the various transportation agencies, will provide a summary of the findings of past study commissions prior to the next meeting on April 20, 2011.

The Commission concluded its business by electing Senators Juan Pichardo and Louis DiPalma co-chairs of the Commission. Senator Pichardo urged members to contact the Senate Fiscal Office with information or the names of speakers whom they thought would be of benefit to the Commission.

SUMMARY OF SECOND MEETING - APRIL 20, 2011:

Senator Pichardo called the meeting to order and briefly discussed the agenda for the second meeting. Commission members in attendance were: Senator Pichardo; Senator DiPalma; David Sullivan, Tax Administrator; Lenette Boisselle, petroleum industry; Jim White, labor; John Simmons, RIPEC; Michael Lewis, DOT Director; Charles Odimgbe, CEO of RIPTA; Jerry Elmer, Conservation Law Foundation; and Sharon Conard Wells, Executive Director of the W. Elmwood Housing Development Corp.

The Commission heard presentations from Meredith Brady of the Senate Fiscal staff, Robert Shawver of the Department of Transportation, and Kevin Flynn of the Division of Planning.

Mrs. Brady's presentation provided context for the five summaries of previous transportation funding studies. The presentation noted that Rhode Island is not alone in facing unmet transportation funding needs. More than one study has recognized the lack of stable and diverse funding sources for transportation. Several studies recommend similar solutions, but proposals to implement changes have not been approved. However, most solutions focus on raising revenue instead of improving efficiencies.

Director Lewis emphasized that revenue sources are finite. Jerry Elmer suggested that Commission members be polled and select the most promising proposals to change the funding system and increase revenue. Senator DiPalma expressed concern that without specific action items and a view to equitable solutions, the Commission would not reach beyond the point of recommendations (already been made by other groups and commissions). John Simmons offered some principles for evaluation of the options in the form of his presentation to the transportation forum on April 6, 2011. (A copy of the presentation can be made available upon request).

Robert Shawver, Administrator of Planning and Finance for the Department of Transportation presented information on the sources of funds for transportation (federal funds, bond funds, and gas tax) and the allocation of funds to categories of expenditures (debt service, operations and maintenance, personnel, Highway Improvement Program). Commission members asked a number of technical questions. In response, DOT staff will provide greater detail about the breakdown of miscellaneous expenditures, the personnel funded through gas tax proceeds, and historical expenditure data, for the past several years, by category. Commission members also discussed comparisons to other states, including the Reason Foundation's 19th annual highway report, which compares the states. (A copy of the report can be made available upon request).

The final presentation was given by Kevin M. Flynn, Associate Director for Planning at the Department of Administration. The presentation spoke to the priority-setting processes in transportation planning managed by the State Planning Council and its subcommittees: the Transportation Advisory Committee (TAC) and the Technical Committee. Mr. Flynn's discussion included the timeline and process for the new Transportation Improvement Program (TIP).

The next Commission meeting will be held at 9 a.m. on Monday, May 2, 2011. The meeting will address transportation needs, including DOT, RIPTA, Turnpike & Bridge Authority, and local needs.

SUMMARY OF THIRD MEETING - MAY 2, 2011:

Senator Pichardo called the meeting to order and briefly discussed the agenda for the third meeting. Presentations by staff from the Rhode Island Turnpike and Bridge Authority (RITBA), Rhode Island Public Transit Authority (RIPTA), and the Department of Transportation (DOT) were scheduled to look at the projected level of unfunded transportation needs in Rhode Island.

Buddy Croft, Executive Director of RITBA, was first to present. Mr. Croft's presentation began with a discussion about bridge usage trends (E-ZPass) and revenue sources. The Board of RITBA is waiting to see the potential impact that transportation funding changes may have on its toll structure and revenue. Public hearings will take place before any changes are made to existing tolls. Mr. Croft confirmed the recent federal court decision allowing a reduced toll rate for residents, and this decision cannot be appealed. Mr. Croft also discussed the fact that RITBA does not receive any state funding, though it does rely on the state to grant legislative approval for bonding.

Mark Therrien, Assistant General Manager at RIPTA, summarized the function and activities of RIPTA. Emphasis was given to public transit's role in the economic development of the state. Mr. Therrien stressed the importance of re-branding public transportation as a non-welfare function. He discussed current business-focused programs and services such as the Roger Williams Park Zoo trolley service, which will be free on the first Saturday of the month for the next three months to encourage ridership and promote the zoo as a destination.

Mr. Therrien also discussed ways in which RIPTA was already achieving improved efficiency. Mr. Therrien noted that the projected gas tax yield may be reduced, and federal funds are likely to diminish, placing RIPTA services in jeopardy. He introduced a breakdown of revenues and expenditures, as well as RIPTA's fare history. In the FY2012 budget, RIPTA faces a \$4.9 million deficit.

Robert Shawver, Administrator for Planning and Finance at DOT, explained the difference between structurally deficient and functionally obsolete bridges. Structurally deficient bridges, the focus of DOT's funding concerns, represent 21.0 percent of Rhode Island's bridge inventory. In terms of asset management, DOT indicated it lacks sufficient funds (to cover operating and capital expenses). He also discussed high-speed rail grants and projects such as the Warwick Intermodal Train Station and the Pawtucket Train Station study.

The next Commission meeting will be held at 9 a.m. on Monday, May 16, 2011. The meeting will address the future of federal funding and transportation funding initiatives in other states. Senator Pichardo closed the meeting by reminding Commission members not to discuss issues via e-mail: comments should be sent to staff to ensure that Open Meetings law is not violated.

SUMMARY OF FOURTH MEETING - MAY 20, 2011:

Senator DiPalma called the meeting to order and briefly discussed the agenda for the fourth meeting. A presentation by staff from the Federal Highway Works Administration (FHWA) was scheduled to examine the future of federal transportation funding, followed by discussion of options for sustainable funding in Rhode Island and consideration of the next steps.

Barbara Breslin, the Program Development Team Leader for the Rhode Island Division of FHWA, and a member of the State Planning Council, provided copies of several documents discussing the current level of revenue and expenditure, as well as the projected balance of the Federal Highway Trust Fund, along with a FHWA summary of the President's FY2012 budget proposal for transportation. Ms. Breslin's comments focused on the different levels of transportation funding proposed by Congress and the Administration. The Administration's proposal of \$556.0 billion includes new revenues (although the source of revenue is not specified) over a six-year authorization, while the proposal from the House would include no new revenues and fund a six-year authorization at \$233.0 billion. Ms. Breslin responded to questions from the Commission members and indicated that Congress plans to take up the transportation authorization debate this summer, with a potential resolution by September.

Staff distributed a table of transportation funding actions taken by other states between 2008 and 2010 (*see pages 30-33*). This summary table was based on information from the National Council of State Legislatures (NCSL) and compiled by Senate Fellow Kelly Rogers. Commission members requested more information about the actions taken by quasi-public organizations.

Senator DiPalma led the discussion regarding alternatives. Commission members asked questions about options such as public/private partnerships (PPP) and user-based revenue sources. Staff from DOT noted that concessions at highway rest stops are a revenue-generating option, but that a federal law passed in the 1960s bans all but 14 states from installing concessions. Several commission members were interested in following up to determine whether Rhode Island could be granted an exemption or the law could be repealed at the federal level.

Commission member Jerry Elmer of the Conservation Law Foundation proposed a hybrid of current legislation before the General Assembly (which would raise the registration fees, create a transportation trust fund, and distribute revenues 50.0 percent to DOT, 35.0 percent to RIPTA, and 15.0 percent to local communities) and the Governor's Article 22 proposal (which would shift registration, license, and title fees from the General Fund to DOT over 5 years at 20.0 percent per year). Both Commission member John Simmons, of RIPEC, and DOT staff were interested in a more detailed look at what revenue would be generated and allocated to each agency under the hybrid proposal. A working group made up of Senate Fiscal staff, DOT staff, Mr. Simmons, and Mr. Elmer will meet on Monday, May 23, 2011 to take a closer look at the actual dollars involved.

Mr. Simmons proposed three primary purposes for the Commission's recommendations: elimination of borrowing; additional funding for DOT operations, maintenance, and capital projects; and additional funding for RIPTA and local communities.

Commission member David Sullivan, the state Tax Administrator, stated that he believed that allocating specific dollars or setting specific fee increases was beyond the scope of the Commission. He indicated that he believed that the role of the Commission was to recommend a mechanism, and that solutions to meet a specific budget target could be established by the General Assembly. Mr. Elmer indicated that none of the suggestions would fully address the transportation infrastructure needs and that establishing a specific recommendation would not endorse any one project.

Senator DiPalma closed the meeting by noting the rapid approach of the end of the legislative session and stressing the need to provide some feedback to the Senate.

The next Commission meeting will be held at 9 a.m. on Friday, May 27, 2011. The meeting will provide an opportunity to review options and determine the recommendations to be made by the Commission. Senate Fiscal Advisor Peter Marino noted that Commissioners with specific concepts or ideas to be included in the options for consideration at the next meeting should send a summary of those ideas (no more than one page) to Meredith Brady (mbrady@rilin.state.ri.us).

Decision Matrix:

The Commission was given the following transportation funding policy survey after the second meeting. Responses indicate the policies favored for further consideration. The survey was created by collecting the most frequently recommended alternatives from the prior report recommendations reviewed.

Type of Funding	Governor's Blue Ribbon	Special Legislative Commission	New Public Transit Alliance	RIPEC	Transportation 2030	Members Chose as Option
Most Frequently Identified Options						
Toll the Interstate at all borders	x		x	x	x	I
Reallocate motor vehicle registration and drivers license fees to benefit transportation	x			x	x	IIII
Toll the Interstate (at CT border, I-95 only)	x			x	x	I
Petroleum products gross receipts tax (equivalent to 10 cent increase in gas tax)	x		x			I
Vehicle miles traveled (VMT) fee	x		x			II
Public/Private partnerships			x	x		II
Tax Increment Financing		x		x		I
Transportation Trust Fund				x	x	IIII
Transit Services Districts		x			x	
Taxes and Fees						
Gas Tax Increase	x					
Gas Tax Hybrid (Sales Tax)			x			I
Vehicle registration fee increase	x					II
Land use impact fees				x		
Dedicated Sales Tax to Reduce Bonded Debt					x	I
RIPTA						
RIPTA: Charge half rate fares for elderly/disabled (currently free)			x			
RIPTA: Limited liability claims (torts)			x			I
RIPTA: Zone fares			x			
Organizational Changes						
RIDOT/RIPTA annual budget conference			x			
Create a Transportation Secretariat				x		
Establish a Transportation Project Corporation				x		

SUMMARY OF FIFTH MEETING - MAY 27, 2011:

Commission members in attendance were: Senator DiPalma; Senator Pichardo; Senator Bates; David Sullivan, Tax Administrator; Lenette Boisselle, petroleum industry; Jim White, labor; John Simmons, RIPEC; Michael Lewis, DOT Director; Charles Odingbe, CEO of RIPTA; Jerry Elmer, Conservation Law Foundation. Sharon Conard Wells, Executive Director of the West Elmwood Housing Development Corporation was unable to attend.

Senator DiPalma called the meeting to order and explained the process for the review of transportation funding priorities and opportunities. A list was prepared by staff, based on discussion and feedback from previous meetings: this list was circulated to the Commission members.

Mr. Elmer Mr. Odingbe also circulated documents discussing options for consideration. Mr. Elmer focused on revenue options, including existing and increased transportation-related fees, while Mr. Odingbe focused on the need to find revenues for transit, not just transportation, and to ensure that the revenue stream was dependable.

The Commission reviewed three transportation funding priorities and nine transportation funding opportunities. Although discussion took place and wording was amended, all of the suggested funding opportunities were approved by a majority of Commissioners. The votes of the Commissioners are recorded next to each item below.

Transportation Funding Priorities (10-0)

- Eliminate bonding to provide the state match for federal funds.
 - No new bonds: replace with alternate source.
 - Eliminate debt service payments and reallocate gas tax revenue for operations and maintenance.
- Provide additional funding for Department of Transportation operations, maintenance, and capital.
- Provide additional funding for local roads, RIPTA.

Transportation Funding Opportunities

- 1 Establish a Transportation Trust Fund to implement the stated priorities. (10-0)
- 2 Increase motor vehicle registration and license fees and dedicate solely to transportation in accordance with the stated priorities. (9-1)
- 3 Dedicate transportation-related fees to the Transportation Trust Fund in accordance with the stated priorities. The Commission recognizes that this creates a funding gap in the General Fund. (7-3)
- 4 Consider tolls on the I-95 corridor, or other locations, after appropriate impact study. (10-0)
- 5 Consider commercial enterprise at highway rest stops in Rhode Island. (10-0)
- 6 Advocate for increased funding in the upcoming federal transportation authorization. (10-0)
- 7 Consider seeking public/private partnerships where feasible. (10-0)
- 8 Continue to examine new methods of funding transportation projects. (10-0)
- 9 Consider conducting an in-depth and comprehensive Vehicle Miles Traveled (VMT) fee study, including economic, privacy, and environmental factors. (10-0)

Next Meeting

Although the recommendations of the Commission will be circulated to leadership as quickly as possible, staff will prepare the draft report of the Commission prior to the next meeting, which will be held at 9 a.m. on Monday, June 6, 2011. The meeting will be reserved for review and discussion of the draft report.

SUMMARY OF THE SIXTH MEETING - JUNE 7, 2011:

Commission members in attendance were: Senator DiPalma; Senator Pichardo; Senator Bates; Jim White, labor; John Simmons, RIPEC; Robert Shawver representing Michael Lewis, DOT Director; Charles Odingbe, CEO of RIPTA; Jerry Elmer, Conservation Law Foundation. Sharon Conard Wells, Executive Director of the West Elmwood Housing Development Corporation, David Sullivan, Tax Administrator; and Lenette Boisselle, petroleum industry; were unable to attend.

The Commissioners reviewed the draft report, made several minor suggestions for revisions, and voted to approve the report with changes incorporated. RIPTA CEO Charles Odingbe suggested that information about funding mechanisms used by other states for transit, as well as transportation, should also be included. Chairman DiPalma encouraged Mr. Odingbe to provide the information to staff for incorporation or future reference.

The draft of the report will be edited and circulated to the Commissioners for a final review prior to the June 10, 2011 reporting deadline.

Previous Transportation Funding Studies

GOVERNOR'S BLUE RIBBON PANEL - RHODE ISLAND'S TRANSPORTATION FUTURE: INVESTING IN OUR TRANSPORTATION SYSTEM

In March 2008, Governor Donald Carcieri established a Blue Ribbon Panel to assess Rhode Island's transportation needs and to identify options for potential funding sources. The mission of this panel was threefold: to understand the transportation financing needs of Rhode Island, to analyze and assess funding options, and to recommend funding mechanisms. The Panel met 12 times and held four public meetings. On December 23, 2008, the Panel released the report along with its findings.

Major Report Findings

This report cites three main sources of transportation funding for the state: federal funds (approximately \$220.0 million); general obligation (GO) bonds (\$40 million); and gas tax revenue (\$137.0 million). The Panel commissioned a needs assessment of the highway system and found that there are several reasons the current transportation financing system is inadequate:

- Funding is based on available revenues and not on need;
- There is an over-reliance on federal funds (Rhode Island supports 27.0 percent of transportation spending with state funds, compared to a national average of 63.0 percent);
- The transportation infrastructure is aging; and
- The cost of highway and bridge construction has increased at a rate higher than that of inflation.

The report estimates that \$640.0 million per year is the optimal funding level. The 2008 levels of combined state and federal transportation funding provided only \$354.0 million, leaving a funding gap of \$285.0 million. Closing this gap would assist road and bridge repair, provide alternate modes while protecting the environment, and complete projects important to local communities.

The Panel presented two new funding plans that would provide target funding levels of \$150.0 million (Scenario 1) and \$300.0 million (Scenario 2) each state fiscal year to help close this funding gap. These two scenarios were not mutually exclusive and the Panel recommended that regardless of the scenario selected, all new funding should be placed in a transportation trust fund dedicated to transportation purposes only.

Scenario One

Scenario One relied on increases in the state's gas tax and vehicle registration fees, and the imposition of a new petroleum products gross receipts tax similar to Connecticut's tax. Tolling was also proposed for the RI-Connecticut border on Interstate 95. Scenario One also transferred the Sakonnet River Bridge to the RI Turnpike and Bridge Authority (RITBA).

Revenues from Scenario One would be used to address RIPTA's funding shortfall, to replace the loss of RIDOT maintenance funding from increasing bond debt service and decreasing gas tax revenues, and to fill the gap in funding for commuter rail expansion in Rhode Island. The funding would also be used to match federal highway funds, ultimately phasing out the practice of using GO bonds to provide this match.

Though this plan did not provide sufficient funding to meet all identified transportation needs, it provided enough funding to address RIPTA's shortfall and improve the condition of highway infrastructure. The state's contribution to the highway program would increase to 53.0 percent of all funding used.

Scenario Two

Scenario Two relied on most of the same revenue sources as Scenario One, with more revenue generated from the gas tax, petroleum products gross receipt tax, and from tolling. The increase in tolling revenue is a result of tolling at all Interstate highway borders of RI (not just at CT's border). Scenario Two also includes two new funding mechanisms: the implementation of an annual vehicle mileage fee on all RI registered vehicles, and the redirection of existing vehicle registry fee revenues from the General Fund to the transportation trust fund. Since no other state has a vehicle mileage fee program and since the removal of funds from the General Fund would be difficult, the Panel acknowledged that these funding mechanisms might face implementation challenges.

In Scenario Two, not only would RIPTA's funding deficit be addressed, but RIPTA services would be enhanced. Scenario Two also called for the phase out of GO bonds to provide the state match to federal transportation funding. Unlike Scenario One, no revenue bonding is proposed in Scenario Two.

Rhode Island's Transportation Future: Investing In Our Transportation System					
Scenario I			Scenario II		
Date	Option	Annual Amount	Date	Option	Annual Amount
9-Feb	5 cent gas tax increase to 35 cents	\$22.0	9-Feb	10 cent gas tax increase to 40 cents	\$44.0
2012	5 cent gas tax increase to 40 cents	44.0	2012	5 cent gas tax increase to 45 cents	64.0
2009	\$40 increase in bi-annual vehicle registration fee	23.0	2009	\$40 increase in bi-annual vehicle registration fee	23.0
2013	\$20 increase in bi-annual vehicle registration fee	34.0	2013	\$40 increase in bi-annual vehicle registration fee	46.0
2010	Petroleum products tax equivalent to 10 cent increase in gas tax	44.0	2010	Petroleum products tax equivalent to 10 cent increase in gas tax	44.0
2014	Petroleum products tax equivalent to 5 cent increase in gas tax	66.0	2014	Petroleum products tax equivalent to 5 cent increase in gas tax	66.0
			2015	Petroleum products tax equivalent to 5 cent increase in gas tax	88.0
2014	Interstate toll established at CT border in each direction at \$3/car, \$6/truck	39.0	2014	Toll established at all interstate borders	60.0
2010	Revenue bond issued for bridge improvements	75.0	2010		-
2012	Revenue bond issued for major improvements	75.0	2012		-
2013	Revenue bond issued for major improvements	100.0	2013		-
2015	Revenue bond issued for major improvements	100.0	2015		-
2016	Revenue bond issued for major improvements	100.0	2016		-
2013	Transfer of Sakonnet Bridge		2013	Transfer of Sakonnet Bridge	
2014	Revenues received from RITBA	210.0	2014	Revenues received from RITBA	210.0
-	-	-	2015-2018	Mileage fee set at half cent per mile	50.0
-	-	-		Redirected registration fees from General Fund	15.0-45.0
2010-2018	Land sales - increase in fines	\$2.0	2010-2018	Land sales - increase in fines	\$2.0

\$ in millions

Major Recommendations

The Panel listed several benefits from funding increases, such as the ability to complete projects, reduced reliance on federal funding, phasing out of biennial GO bonds, a diverse portfolio of revenue sources, equitable contributions among system users, responsible asset management, job creation in design and construction fields, greater overall economic competitiveness, and a reliable transportation system. Possible consequences of inaction listed include increases in structural deficiencies, increased congestion on roadways, increased costs to drivers, projects deferred to future, reductions in transit-services, and increased debt service payments.

The Panel's recommended next steps of action were threefold:

- Draft legislation to enact most of the funding strategies;
- Produce publicly available, detailed studies on several funding strategies (tolling, petroleum products gross receipts tax, vehicle miles traveled fee & transfer of the Sakonnet River were specifically mentioned for further study); and
- Cooperate with the federal government to enact a higher level of transportation funding in upcoming federal authorization bill.

REPORT OF THE SPECIAL LEGISLATIVE COMMISSION TO STUDY TRANSIT SERVICES IN THE STATE OF RHODE ISLAND

In May 2004, the Rhode Island General Assembly authorized the creation of a Special Legislative Commission to study transit services in Rhode Island. The Commission was established in March 2006 and released its final report in May 2007. Initially, the Commission was charged with identifying ways to optimize the functionality of a legacy transit system. Over the course of its research, the Commission enhanced the scope of its study to include recommendations proposing a major restructuring, reinvestment and refinancing of the Rhode Island Public Transit Authority (RIPTA). The Commission was co-chaired by Senator Daniel Connors and Representative Edwin Pacheco and was comprised of representatives from the Department of Transportation (DOT), RIPTA, the Department of Elderly Affairs (DEA) and the Governor's Commission on Disabilities.

Major Report Findings

This report provided an overview of public transit in Rhode Island using previously conducted research projects and studies such as the Senate Policy Office's *Legs, Loops and Links* study and the State Planning Council's *Transportation 2025* long-range transportation plan. This report includes a detailed vision for RIPTA's future, including suggested improvements to:

- Maintenance
- Investments
- Driver training
- Safety
- Para-transit operations
- Decision-making structure
- RIdE program
- Flex service

Throughout the report, the Commission refers to its vision of RIPTA as Rhode Island's future "Mobility Manager." The report provides an overview of national transportation funding perspective, state transit funding sources, and federal transportation funding trends.

The report discussed fiscal obstacles facing transportation and illustrated examples of financing strategies that have been used by regional transit agencies such as state infrastructure banks (SIBs), interagency partnering, pooled financing, and tax increment financing (TIF). Table 3.1 of the report lists major overall sources of transit funding for all 50 states.

In particular, Rhode Island is considered to be in-line with national transportation funding patterns, except for its increased reliance on federal funding for operating costs, and its decreased reliance on local governments for transit funding. Though the percentage of state funding for operating costs is slightly above the national average (as a result of a relatively high state gas tax), the fact that local government does not provide comparable transit funding means that total state and local transit funding for operating costs is below the national average. This report cites a US Department of Transportation Bureau of Transportation Statistics (BTS) report to illustrate that nationally, state funding for transit grew from \$7.5 billion in 2000 to \$9.5 billion in 2005. Transit funding in Rhode Island during this time period, however, declined from \$36.8 million in 2000 to \$34.8 million in 2005.

Major Recommendations

The Commission offered seven major recommendations to transform RIPTA into Rhode Island’s “Mobility Manager:”

- **Funding:** Provide predictable, long-term funding sources by reducing the reliance on the state gasoline tax; establishing local and/or regional public transit districts with the ability to collect fees; and by providing additional state and local funding for RIPTA’s operating expenses (which will free up federal funding for capital investments).
- **Redefine the Mission:** Update RIPTA’s enabling statute to reflect its broader mission and programs (*This was done in the 2007 General Assembly session*).
- **Planning:** Rely on previous transit studies to develop short-term and long-term recommendations for a public transit strategy for RI that maximizes investments and connects all forms of transit.
- **Expand Services:** Establish new transit connections to other modes of public transportation in and across state lines.
- **Paradigm Shift:** Include public transit services as *the defining element* of new construction, planning and re-development.
- **Invest in Efficiency:** Invest in new technology and equipment so that information, scheduling and data are accurate and efficient.
- **Identify Revenue:** Study other states to identify new revenue sources for Rhode Island transit.

NEW PUBLIC TRANSIT ALLIANCE - RECOMMENDATIONS FOR FUNDING PUBLIC TRANSIT IN RHODE ISLAND

The New Public Transit Alliance (NuPTA) is a coalition of stakeholders representing the business, environment, smart growth, labor and public health communities dedicated to strengthening transportation and its role in Rhode Island's economy. On September 23, 2008 NuPTA convened 70 businesses, civic and political leaders to discuss the Rhode Island Public Transportation Authority's (RIPTA) short-term and long-term funding crises.

Included in this coalition were the Governor, Lieutenant Governor, state legislators, the Directors of the Departments of Administration and Transportation, RIPTA Board and staff, members of the Governor's Blue Ribbon Panel for Transportation Funding, and other prominent business and interest group leaders. NuPTA's final recommendations were released on December 19, 2008.

Major Report Findings

NuPTA's report included an introduction, a large matrix of recommendations, and several appendixes in which case studies detailing how NuPTA's proposed recommendations have been tested elsewhere. In the report's introduction, NuPTA stated that the best options for Rhode Island transit funding have to be divided into short-term and long-term plans. The report also acknowledges that the best sources of funding will interact positively with the transit system (meaning they will grow with demand, which the gasoline tax does not). At several points throughout its report, NuPTA recommends the Scenario Two findings of the *Governor's Blue Ribbon Panel on Transportation Funding* report.

Major Recommendations

Category One: RIPTA Savings/New Revenue:

Funding Source	Description	Est. New Annual Revenue
Half rate fares to replace free fairs	Requires General Assembly approval. The policy change would eliminate income eligibility for free fares and everyone would pay full fare during peak and half fare during off-peak	\$2.0 million
Management deferred pay increase	This measure has already been implemented by RIPTA Board of Directors	\$100,000
Limit liability claims	Requires General Assembly approval. Has been previously introduced but has failed to win passage.	\$500,000
Service reductions	Reduce services to underperforming routes	\$2.5 million
Zone fares	This would assess higher fares for longer distances traveled by zone	\$200,000
Business Pass (public/private partnership)	Similar to RIPTA UPass Program. RIPTA would target corporations with employees who could benefit from public transit	\$250,000

Category Two: Additional Revenue Sources That Can Be Enacted Quickly

Funding Source	Description	Est. New Annual Revenue
Petroleum Products Gross Receipts Tax	As recommended by the Governor's Blue Ribbon Panel, the tax proposed is an equivalent of a 10 cent increase in the gas tax	\$44.0 million
Gasoline Tax Hybrid	Change the current "cents per gallon" gas tax to a tax based on percentage of cost.	\$9.0 million
RIDOT/RIPTA Annual Budget Conference	RIDOT should allocate a minimum of 1% of its annual budget to RIPTA as a means to reduce RIDOT's maintenance costs by reducing wear and tear	\$3.0 million
Sales Tax	Either enact a small increase in sales tax rate or reform sales tax to lower the rate and broaden the base	\$15.6 Million for each 1/8 % point equivalent
Motor Vehicle Registration Fees	Increase fees by \$40 in 2009 and an additional \$40 in 2013 (consistent with the Blue Ribbon Panel's recommendation)	\$23.0 million in 2009, \$46.0 million in 2013
Freeze the Phase-out of the Motor Vehicle Excise Tax	Any net savings within the state budget due to this should be allocated for transportation purposes	Estimate not available at this time
Building Permit Fee (with "location efficiency incentives")	Relate new development impacts to the transportation infrastructure and public transit. Potential increase to the municipal permit fee would be approximately \$1 per \$1000 of estimated building construction costs. This would be combined with a location efficiency incentive	\$1.5 million

Category Three: Additional Revenue Sources Requiring a Longer Timeframe for Enactment

Funding Source	Description	Est. New Annual Revenue
Parking Tax	Based off the British Columbian model, the tax would be on all commercial parking areas within the transportation authority district (and amounted to approximately \$30 per space per year)	\$8.0 million-\$15.0 million
Tolls, Congestion Fees	Like the Blue Ribbon Panel's recommendation, this recommendation is for tolls at both Interstate borders. Pricing will vary based on time of day or amount of congestion	\$60.0 million
Vehicle Miles Traveled Tax (VMT)	Like the Blue Ribbon Panel's recommendation, this recommendation would charge a 1/2 cent charge per mile (costing average motorist approximately \$60 per year)	\$50.0 million
Land Value Capture	Properties which are primarily adjacent to transportation projects contribute to the cost of such investments	Estimate not available at this time
Public Private Partnerships	It is often the local investment of the private sector that generates a long-term commitment to transit funding	\$600,000-\$3 million

Category Four: Potential New Federal Sources of Revenue

Funding Source	Description	Est. New Annual Revenue
HR. 6052 (Saving Energy through Public Transp. Act)	House bill introduced 5/08, Provides \$1.7 Billion for FY2008/2009	\$4.7 million
Federal GreenTEA Reauthorizaiton	Need to advocate for restoring balance between highway expansion and public transportation federal matching support	Estimate not available at this time
Climate Security Act	National Cap & Trade Program to cut greenhouse gas emission. Mass transit receives 2.5%	\$10.0-\$17.0 million

RHODE ISLAND PUBLIC EXPENDITURE COUNCIL - TRANSPORTATION FUNDING ISSUE BRIEF

The Rhode Island Public Expenditure Council (RIPEC) Public Policy Issue Brief addressed two issues related to transportation in Rhode Island: finance and governance. It assessed current circumstances and described possible options for action. The report did not address air, water or rail transportation. RIPEC cooperated with the staff of the Department of Administration (DOA), the Statewide Planning Program, the Department of Transportation (DOT), the Rhode Island Public Transit Authority (RIPTA) and the Senate Policy Office to prepare this brief. RIPEC also convened an Infrastructure and Capital Budgeting Committee of private and public sector stakeholders, which oversaw the development of its research.

Major Report Findings

This report found that there were two main problems associated with transportation in Rhode Island:

- The state has inadequate resources to finance transportation needs; and
- The state does not have an integrated system for transportation decision making.

Though an integrated system is important to establishing future funding plans, the focus of this report summary concerns RIPEC's findings and recommendations related to transportation funding.

This report compared Rhode Island's method of financing transportation to national averages and specific transportation systems in other states. This comparative analysis found that nationally, about 25.0 percent of all funding for highway purposes come from federal sources, compared to 52.0 percent in Rhode Island. Nationally, 17.0 percent of highway funds are derived from motor vehicle fees and taxes, while in Rhode Island no highway funding comes from motor vehicle fees and taxes. However, in Rhode Island, gasoline taxes make up a slightly larger share of funding for highways (32.2 percent) than elsewhere (31.1 percent). Rhode Island is also more dependent on bond proceeds to fund highways (11.7 percent) than the rest of the U.S. (9.9 percent).

The difference found to be most significant between the State and US averages is the manner in which the state allocates its motor fuels tax receipts. Nationally, 8.4 percent of gasoline tax receipts pay for debt service, whereas in Rhode Island this proportion is 30 percent. Nationally, states use 28 percent of their gasoline tax revenues to support local roads, whereas Rhode Island does not appropriate any gas tax revenue for local roads.

RIPEC's comparative analysis also suggested that transportation funding systems elsewhere rely on more diverse revenue sources. Also, four systems analyzed in other states make use of some form of transportation trust fund to finance their transportation systems. For example, Maryland self-finances its Department of Transportation through a trust fund that does not receive general fund appropriations. Sources of funds in Maryland include motor fuel and motor vehicle excise taxes, motor vehicle fees, federal aid, corporate income taxes, transit, port and airport operating revenues and bond proceeds.

This report also highlights two interrelated gaps in Rhode Island transit funding: the first gap is between needs and resources, and the second is the potential inability of the state to match federal highway funds. From 2003 to 2012, when system restoration is included, the shortfall between needs and resources is expected to be \$1,775.2 million. In terms of the second funding gap, the following table illustrates the federal match deficit increase from 2003-2012. The deficit is expected to increase from \$37.9 million in 2003 to \$41.6 million in 2012. As these numbers illustrate, debt service and operating expenses are consuming gas tax revenues that would otherwise be used to match future federal aid.

Gasoline Proceeds Available to DOT and Estimated Operational, Debt Service and Match Funding

Fiscal Year	DOT		DOT Operations	Available for	
	Earmarked Gas Tax	Debt Service		Federal Match ^a	Federal Match Deficit ¹
2003	\$96.4	\$41.3	\$48.0	\$7.1	(\$37.9)
2004	99.3	45.5	49.2	4.6	(40.4)
2005	101.0	47.2	50.4	3.4	(41.6)
2006	102.9	48.7	51.7	2.5	(42.5)
2007	104.7	49.1	53.0	2.6	(42.4)
2008	106.6	52.4	54.3	(0.1)	(44.9)
2009	108.5	51.7	55.7	1.1	(43.9)
2010	110.4	52.0	57.1	1.3	(43.7)
2011	112.4	51.3	58.5	2.6	(42.4)
2012	114.4	50.9	50.1	3.4	(41.6)

¹Assumes \$45.0 million needed annually for Federal match

Source: Department of Transportation

Major Recommendations

RIPEC proposed four major, multi-year recommendations that include increasing revenue and improving operating economies:

- Earmark user fees, which include:
 - Dedicate 100.0 percent of the gas tax to support transportation;
 - Dedicate non-gasoline tax user fees, such as license, registration and miscellaneous vehicle fees to support transportation; and
 - Consider tolls.
- Enhance and diversify transportation funding sources by using a combination of debt and concurrent revenue streams (which should be based on land-use related options like impact fees, special assessments and tax increment financing);
- Establish a transportation trust fund; and
- Reinvent and re-evaluate RIPTA’s role and desired level of transit service.

RIPEC addressed the problem of coordination and system-wide planning with another set of recommendations that included creating a Transportation Secretariat, establishing a RI Transportation Project Corporation and establishing a transportation trust fund.

RHODE ISLAND STATEWIDE PLANNING PROGRAM - TRANSPORTATION 2030

In August 2008, the Rhode Island Statewide Planning Program prepared a long-range transportation plan as part of the Rhode Island State Guide Plan. This transportation plan has two main purposes: to set the direction for state transportation policy and action and to fulfill federal transportation planning requirements for statewide and metropolitan planning. This plan contains goals, policies objectives and strategies to fulfill a twenty-year planning time frame. Staff from the Rhode Island Division of Planning, Department of Transportation, Public Transit Authority, Department of Environmental Management, and the Transportation Advisory Committee contributed to this plan.

Major Report Findings

The report provided background information on demographic and travel trends; an inventory of the current transportation system; a needs assessment of the current transportation system; a discussion of funding scenarios for state and federal funding; an environmental analysis; and recommendations for action. This brief focuses on the plan's transportation funding findings and recommendations.

The funding section of this report began with a needs assessment, which defined four levels of transportation investment. Specific funding needs per transportation program were listed for each scenario. The needs assessment also identified potential sources of new revenue. The report discussed federal highway funds projections, Grant Anticipation Revenue Vehicle (GARVEE), and motor fuel tax revenue bond authorization, issuance and debt service. The following tables illustrate the estimated needs and revenue enhancements under each of the four scenarios (including current available funding).

Transportation Programs	Transportation Needs			
	"Sink"	"Tread Water"	"Swim"	"Win the Race"
RIDOT Maintenance and Operations	\$45.0	\$109.0	\$114.0	\$128.0
Capital Maintenance	20.0	45.0	71.0	113.0
Highway	42.0	177.0	245.0	342.0
Traffic Safety	6.0	18.0	25.0	40.0
Bridge	67.0	128.0	128.0	128.0
Bike/Pedestrian	9.0	16.0	24.0	32.0
SPR/PL	5.0	8.0	8.0	8.0
Enhancements	4.0	13.0	15.0	25.0
CMAQ	10.0	16.0	20.0	20.0
Personnel (deduct from proj. cost)	0.0	(40.0)	(40.0)	(40.0)
Commuter Rail/Warwick				
Station	20.0	14.0	32.0	60.0
ROW	0.0	1.0	5.0	10.0
Design	21.0	25.0	40.0	60.0
RIPTA Bus	112.0	155.0	175.0	225.0
Total	\$361.0	\$683.0	\$862.0	\$1,150.0
GARVEE ¹	58.0	0.0	0.0	0.0
Other debt service ²	35.0	0.0	0.0	0.0
Total with debt service	\$454.0	\$683.0	\$862.0	\$1,150.0

\$ in millions

¹ Ends in 2022 at \$16.5m per year (peaks 2017-2019 at \$51.0m).

² Increases from \$41.0m in 2009 to \$63.0m in 2023 per year if this practice continues

Potential Transportation Revenue Sources (in millions of dollars per year)

Revenue Sources	"Sink"	"Tread Water"	"Swim"	"Win the Race"
State:				
Gas Tax	\$132.0	\$205.0	\$273.0	\$341.0
Registration Fees	0.0	50.0	75.0	100.0
Tolls	0.0	30.0	50.0	60.0
Vehicle Sales Tax	0.0	80.0	80.0	80.0
Gas Sales Tax	0.0	0.0	0.0	80.0
General Obligation Bonds	40.0	0.0	0.0	0.0
Farebox	20.0	35.0	40.0	55.0
Other	12.0	15.0	17.0	20.0
State Subtotal	\$204.0	\$415.0	\$535.0	\$736.0
Federal				
FHWA	\$200.0	\$210.0	\$250.0	\$310.0
NHTSA	6.0	2.0	2.0	5.0
FTA	45.0	55.0	75.0	100.0
Federal Subtotal	\$251.0	\$267.0	\$327.0	\$415.0
Total State and Federal	\$455.0	\$682.0	\$862.0	\$1,151.0

\$ in millions

The report discussed state transportation funding sources and levels. The motor vehicle fuel tax (gas tax) revenue distribution and trends associated with general revenue bond financing were also discussed.

Major Recommendations

The goal of the plan’s recommendations was to provide a sustainable financial base for the transportation system while adequately supporting needed infrastructure and services. To meet this goal, 21 recommendations were identified:

- 1 Convert the remaining auto user fees into a transportation fund.
- 2 Continue increased allocation of gas tax revenues to RIPTA and RIDOT and maintain tax level appropriate to support the system needs. Index the gas tax to the inflation rate.
- 3 Consider tolls as another form of user fee where feasible. Study an automated cashless system of collection where toll facilities are or could be used. Also, study variable toll structures based on time of day and vehicle weights.
- 4 Use debt financing judiciously for major capital projects.
- 5 Provide sufficient seed funding for the new RI State Infrastructure Bank.
- 6 Consider Special Benefit Assessment Districts and Business Improvement Districts (BID). Property owners would be assessed for new highway improvements that support an area.
- 7 Designate Transit Services Districts (ISD). Property owners would be assessed for transit service in lieu of creating parking facilities in urban areas.
- 8 Allow Infrastructure Equity Contributions by abutters, also known as stakeholders’ investments.
- 9 Consider the use of dedicated sales tax to reduce transportation bond indebtedness.
- 10 Phase out reliance on bonds to fund system preservation costs, by shifting to user fees and tax revenues.
- 11 Recognize that even allocation of all gas tax revenues will not be sufficient to meet RIDOT and RIPTA needs for operations, debt service, and match for federal capital funds. New financing sources must be developed as soon as possible, with the intent to reduce reliance on bonding and debt service.
- 12 Develop a fare structure for paratransit service and charge a fare for all of these services. Reform the current incentives and fees of the paratransit service use.
- 13 Work to achieve RIPTA’s target revenues as a percentage of operating costs, and promote early accomplishment.
- 14 Quantify unfunded federal mandates, particularly ADA service.
- 15 Work on the development of a fare structure for human and educational services that purchase and/or provide transportation services in conjunction with their primary responsibilities.
- 16 Established a state-funded grant program for municipalities to help fund local road improvements. Use a formula that includes factors such as road mileage, functional classification, and vehicle registrations.
- 17 Continue to develop and distribute the Transportation Improvement Plan (TIP) using an extensive public involvement process. Periodically review and amend the TIP.
- 18 Calculate and publicize the costs and benefits of major transportation investments.
- 19 Select more projects that are lower in cost, faster to implement, and give more transportation performance for the dollar.
- 20 Provide TIP status reports (including project and funding status) periodically to the Transportation Advisory Committee.
- 21 Install an accounting system that can track all project costs, including design.

Legislative Transportation Funding Action in Other States

At the May 20, 2011 meeting of the Commission, staff distributed the following matrix showing the actions of other states to change transportation funding practices and priorities between 2008 and 2010. Actions ranged from establishing large-scale public-private partnerships, such as selling highway infrastructure, to changes in the way construction contracts for highway and bridge structures are awarded. In total, 44 states made significant changes to their transportation funding systems.

Major State Transportation Funding Legislation 2008-2010

State	Gas and Other Tax Action	Fees and Tolling	Public-Private Partnerships	Design-build ¹	Other
Alabama			Extension of the lieutenant governor's Commission on Public-Private Partnership Projects	Toll Road, Bridge and Tunnel Authority permitted to enter design-build contracts, leases, and other agreements	
Arizona	Counties with populations of 200k-400k permitted to levy a county transportation excise tax and a county transportation excise tax for roads	Abandoned vehicles fee increased to \$500	Permitted for the construction, finance, operation and maintenance of transportation projects		
Arkansas					Blue Ribbon Committee on Highway Finance established to explore financing options
California		Vehicle license fee raised from 0.65 percent to 1.15 percent and countywide transportation agencies permitted to impose annual fees on motor vehicles for special programs and projects	Permitted for DOT transportation projects that charge tolls or user fees	California Transportation Committee permitted to use a design-build process to contract transportation projects	2010 proposal to use digital license plates that allow for advertisements was voted down in House committee
Colorado	Study examines replacing the state gas tax with a VMT fee	Motor vehicle fees raised with heftier fees for SUVs and trucks; additional tolls on existing rolls charged			
Connecticut		15 motor vehicle fees and fines raised; failure to wear a seat belt fine increased from \$15 to \$50 and failure to carry insurance fines increased from \$35 to \$5			
Delaware				DOT permitted to continue using the design-build contract mechanism for a total of 12 transportation construction guidelines	
Florida		New vehicle registration fee increased from \$100 to \$225; toll rates indexed to CPI		Up to 25.0 percent of construction projects procured through design-build contracts	
Georgia	Regional transportation sales and use tax increased by 1.0 percent in 12 new special tax districts.	Reinstatement or restoration of suspended or revoked driver's licenses and for extremely high speed tickets fees increased; State Transportation Authority the authority permitted to collect tolls and issue revenue bonds that can be secured by toll revenue			House Motor Fuel Tax Study Commission created to examine the conditions, needs and issues associated with raising the gasoline tax
Hawaii	Excise tax moratorium on ethanol blended fuels (increasing gas taxes by as much as 14 cents per gallon) was not extended				

Major State Transportation Funding Legislation 2008-2010

State	Gas and Other Tax Action	Fees and Tolling	Public-Private Partnerships	Design-build ¹	Other
Idaho	Tax exemption on ethanol sales removed	Division of Motor Vehicle fees increased		Design-build, construction manager and general contractor contracts permitted	\$82.0M new GARVEE bonds authorized
Illinois			Permitted for DOT with regards to the Illiana Expressway; DOT can require a competitive process and set provisions for user fees and tolls		
Indiana			Permitted with regards to the Illiana Expressway tollway		
Iowa					I-JOBS allocates \$50.0M for bridge safety, \$10.0M for airports and rail projects, and \$55M to improve local roads
Kansas	Transportation development districts permitted to collect a sales tax of up to 1.0 percent Gas tax frozen at 22.5 cents per gallon.	"Transportation Works for Kansas" financing program increased transportation fees; Secretary of DOT permitted to recommend construction of new toll or turnpike projects following a feasibility study		The 2010 Transportation Works program allows the creation of a demonstration project using design-build	Bonds issued through the Kansas Development Finance Authority can be used to increase the intermodal transportation fund; transfers can also be authorized from the State Highway Fund to assist transit, rail and aviation, starting in 2013; DOT's bonding authority also permitted
Kentucky					
Maine			Authorized for highway projects with an estimated cost exceeding \$25.0M or for a project proposal that includes tolling existing facilities	DOT permitted to use design-build contracting to deliver projects.	
Maryland			Prohibited unless agency can justify them to the budget committees; in 2010 the Maryland Transportation Authority was required to submit reports pertaining to proposed PPPs		
Michigan					Urged Congress to waive the matching fund requirement for federal highway dollars; municipalities permitted to enter into relationships with other public entities to develop transportation related projects and to solicit private sector investment; tax increment financing arrangements also provided for
Minnesota				Anoka County authorized to use design build contracting for reconstruction of a particular intersection	Council on Transportation Access established to study, evaluate and oversee improvements in transportation cost-effectiveness and availability; bond authorization also prioritized and increased; lower income motor fuel credit repealed; "enhanced driver's licenses" created allowing residents to re-enter the US from Canada without a passport

Major State Transportation Funding Legislation 2008-2010

State	Gas and Other Tax Action	Fees and Tolling	Public-Private Partnerships	Design-build ¹	Other
Mississippi		Title fees for motor vehicles increased; fees created by applying motor vehicle driving laws to individuals intoxicated while driving boats			
Missouri			Expanded for Highway and Transportation Commission projects		
Nebraska		Fee for personalized message license plates increased by \$10			Structural changes made to state transportation agencies
Nevada		Rental car tax increased which raised the cost of rental cars by approximately \$1 per day			Definition and make-up of regional transportation commissions altered
New Hampshire		Turnpike tolls revenue used exclusively for construction and maintenance of the turnpike system			10-year transportation improvement plan adopted, including establishment of a study of the state turnpike.
New Jersey	Point of taxation for diesel gasoline changed from the distributor level to the terminal level				Capitol Program for FY2010 funded by federal funds was adopted and \$1.6B from the state's Transportation Trust Fund; Passenger Rail System Study Commission created to study and evaluate the system's efficiency and cost-effectiveness levels
New Mexico				Permitted to use design-build project delivery for transportation projects funded by ARRA	Local infrastructure development zones can issue bonds, enter into debt obligations, levy property taxes and charge fees and tolls
New York	0.34 percent additional payroll mobility tax in the district raised; additional 5.0 percent sales tax on automobile rentals in the metropolitan commuter district	Additional fee of \$1 for every 6 months a person holds a license or learner's permit, supplemental \$25 fee annually on vehicles registered in the metropolitan commuter district, and a 50 cent surcharge on taxi trips imposed; other registration and renewal fees also increased			Metropolitan Transit Authority financial assistance fund created to support transportation; infrastructure development bank created
North Carolina	Lower limit imposed on the gasoline tax at 12.4 cents per gallon or 7.0 percent of the average wholesale price of gasoline - whichever is greater		DOT authorized to enter into agreements with developers		
North Dakota		Vehicle registration fees and cost to register a passenger vehicle increased by \$3.			Increased transportation spending, some of the funds were appropriated for damages caused by bad weather and flooding
Ohio		Ohio Toll Fund funded by revenue from toll projects	Detroit River International Crossing project did not happen but a public-private partnership was approved to finance project	DOT permitted to enter into design-build contracts for highway and bridge projects	Lawmakers created the Ohio Transportation Finance Commission.
Oklahoma		Fee for motorcycle registration imposed			DOT expenditures increased by 0.6 percent; Oklahoma Roads Task Force established to evaluate the effects of inflation on road and bridge construction and maintenance

Major State Transportation Funding Legislation 2008-2010

State	Gas and Other Tax Action	Fees and Tolling	Public-Private Partnerships	Design-build ¹	Other
Oregon	6 cents per gallon increase in the gas tax				Jobs and Transportation Act of 2009 authorized the investment of more than \$1.0B in transportation projects.
Pennsylvania					Special legislative session held to discuss the gap in the transportation budget after the state's plan to toll Interstate 80 was rejected
Rhode Island	Gas taxes increased by 2 cents per gallon				
South Carolina			Authorized for new capacity transportation facilities		
South Dakota		Fees increased or enacted: \$12 more for new or renewed driver's licenses, \$10 more for commercial driver's licenses, \$100 fee for applicants who want to acquire a license after revocation or suspension, \$1 fee on all vehicles registered in the state, surcharge assessed for license plate decals, and \$2 more for license plates		Design-build authority to public corporations repealed and public agencies permitted to enter into design-build contracts; DOT excluded from design-build authorization on highway construction contracts	
Tennessee		DOT urged to study permit fees on the movement of oversized and overweight freight motor vehicles and to report the results to the legislature by January 2011			Separate highway fund and the Transportation State Infrastructure Bank created to help finance transportation construction and improvement projects; bond issuance permitted by the bank
Texas					Committee appointed to study transportation funding
Utah		Registration fees for most vehicles increased by \$20 and \$20 of each registration fee is deposited into the Transportation Investment Fund		Authority of transportation agencies extended to award design-build contracts for projects that less than \$5.0M	
Vermont	2.0 percent increase in the wholesale price of gasoline			DOT permitted to deliver projects using design-build contracts.	
Virginia	Point of taxation for motor fuel changed from the distributor level to the terminal level and the tax rate increased to 2.1 percent; sunset date for the Coal and Gas Road Improvement Fund extended, financed by a 1.0 percent local option severance tax on coal and gas	\$50 increase in the driver's license reinstatement fee; a \$2 increase in the vehicle registration fee; and a \$1 per mile-per-hour increase in the speeding fine			Department of Rail and Public Transportation will study high-speed rail funding and a joint subcommittee will examine replacing the motor fuel tax with a mileage-based fee
Washington		Tolling permitted on State Route 520 to finance safety projects, replacement of a floating bridge, and other highway projects; electronic tolling on the Tacoma Narrows Bridge also approved			
West Virginia		Upon voter approval, county-level user fees for transportation projects will be assessed		Design-build construction and financing options expanded; \$150.0M authorized to fund these projects over three years	

¹ Design-build contracts give one entity responsibility for both design and construction in order to streamline and simplify a project and reduce costs.

Agency-Projected Transportation Needs

The Commission heard presentations on projected transportation funding needs from the Rhode Island Department of Transportation (RIDOT), the Rhode Island Public Transit Authority (RIPTA) and the Rhode Island Turnpike and Bridge Authority (RITBA). The following section summarizes the estimated needs of each agency, as estimated by the agencies themselves.

RIDOT - \$600.0 MILLION ANNUAL NEED (\$358.0 MILLION AVAILABLE) - \$242.0 MILLION GAP

- Debt service averages \$113.0 million annually, including debt service on general obligation bonds, GARVEE bonds, and motor fuel revenue bonds.
- Major projects require \$110.0 million annually. This category includes projects not already part of the TIP, such as the Route 6/10 Interchange (\$400.0 million), the Providence Viaduct (\$180.0 million), the Henderson Bridge (\$50.0 million), and the Goat Island Bridge (\$16.0 million).
- Pavement management programs require \$100.0 million annually (\$93.0 million for pavement restoration and \$7.0 million for asset management).
- Bridge restoration programs require \$90.0 million annually (\$78.0 million for bridge rehabilitation and replacement and \$12.0 million for asset management).
- Administration and maintenance funding for the highway system requires \$60.0 million annually.
- Design and right of way projects require \$50.0 million annually.
- System operating and maintenance funding requires \$32.0 million annually.
- Federally-directed programs require \$22.0 million annually, including \$11.0 million for Congestion Management Air Quality (CMAQ) programs and \$5.0 million for planning activities.
- Traffic safety projects require \$13.0 million annually.
- A local roads program would require a minimum of \$10.0 million annually.

RIPTA - \$102.7 MILLION NEED (\$97.4 MILLION AVAILABLE) - \$5.3 MILLION GAP IN FY2012

- The current RIPTA budget for FY2012 is \$102.7 million. This includes \$69.9 million in salaries and benefits, \$31.2 million in operating costs, and \$1.6 million in special services.
- Projected RIPTA revenues for FY2012 are \$97.8 million. These include \$41.3 million in motor fuel tax, \$22.2 million in passenger fares, \$20.6 million in federal funds, and \$13.7 million in other funds.
- The gap for FY2012 is \$5.3 million.
- In order to maintain services with reduced revenue and rising costs, RIPTA projects a need for additional funding of \$18.0 million in the next five years.
- In order to attract new riders, meet demand, and achieve the visions outlined in RIPTA's strategic plan, an additional \$44.0 million would be required in the next five years.

RITBA - \$209.6 MILLION NEED (\$141.0 MILLION AVAILABLE) - \$68.6 MILLION GAP IN 10-YEAR PLAN

- Annual revenue of \$18.9 million, annual expenses of \$6.5 million for operating and \$5.7 million for debt service. Debt service expected to increase in FY2013 as next bonds are issued.
- Two bond authorizations anticipated to advance \$106.0 million in capital funding, along with \$35.0 million from renewal and replacement fund.
- Revenues from tolls: Board of Directors will consider increase in tolls or deferral of projects.

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