

# ***Memo***

## ***The House Appropriations Committee (D)***



TO: House Democratic Members and Staff

FROM: Rep. Joseph Markosek, Chairman

SUBJECT: Transportation Funding Proposal Fiscal Analysis (House Bill 106, #A04495 and #A04465)

DATE: Nov. 17, 2013

---

Attached is our fiscal analysis of the transportation proposal (House Bill 106, #A04495 offered by Rep. Hanna and #A04465 offered by Rep. Micozzie).

As has been previously noted, the Rep. Hanna amendment reflects the four-caucus framework on transportation funding, but does not include changes to the Prevailing Wage Act that are included in the Rep. Micozzie amendment. The only difference between the two amendments is the prevailing wage language; therefore, the fiscal analysis of the amendments is the same.

The proposal generates between \$2.3 billion and \$2.4 billion for transportation – roads, bridges, mass transit and multimodal - by year five. Of that, nearly \$1.8 billion would be for roads and bridges; nearly \$500 million would be for mass transit; and \$144 million for multimodal projects.

As you will see in the attached spreadsheet, the estimates are provided in ranges from low to high. In year five and beyond, the overall estimates vary by, at most, \$149 million.

- The highway and bridge funding estimate varies based on the average wholesale price of gasoline used to calculate the Oil Company Franchise Tax rate. For example, in 2017/18, the low estimate is based on an average wholesale price of \$2.99 per gallon; the high estimate is based on \$3.11 per gallon.
- The mass transit funding estimate varies based on Title 75/Section 3111 fine collections, which is the \$150 fine for failing to obey traffic control signals. The low estimate assumes that fine collections will be half of the high estimate.

Mass transit funding would increase from about \$355 million in the first full year to nearly \$500 million by 2017/18 and to nearly \$570 million by 2022/23. The funding plan involves redirecting the \$200 million of the Act 44 of 2007 Turnpike payment that is deposited into the Motor License Fund to mass transit. (Please note: Currently, \$250 million of the \$450 million Act 44 Turnpike annual payment is used to fund mass transit.) In 2022/23, when the Act 44 Turnpike annual payment is reduced from a total of \$450 million to \$50 million, the funding stream for mass transit would be more than offset with sales and use tax revenues.

## House Bill 106, Hanna #A04495 & Micozzie #A04465: Revenues Generated by Transportation Mode

(\$ in Millions)	Year 1 2013-14		Year 2 2014-15		Year 3 2015-16		Year 4 2016-17		Year 5 2017-18		Year 9 2022-23	
	Low	High	Low	High	Low	High	Low	High	Low	High	Low	High
<b>Highways and Bridges</b>												
<i>Cap Utilized on Average Wholesale Price</i>	\$1.87	\$1.87	\$1.87/\$2.49	\$1.87/\$2.49	\$2.49	\$2.49	\$2.49/\$2.99	\$2.49/\$3.11	\$2.99	\$3.11	\$2.99	\$3.11
Uncap Oil Company Franchise Tax (OCFT)	271	271	925	925	1,309	1,309	1,537	1,590	1,855	1,983	1,855	1,983
Replace 12¢ Liquid Fuels Tax with New OCFT Millage Rate	(1)	(1)	4	4	6	6	5	5	1	1	1	1
Title 75 Fee Increases	34	34	223	223	285	285	303	303	370	370	402	402
Redirect Unrestricted Title 75 Fees to Mass Transit/Multimodal	(63)	(63)	(196)	(196)	(284)	(284)	(284)	(284)	(344)	(344)	(287)	(287)
Stop Act 44 of 2007 Turnpike Transfer to the Motor License Fund	0	0	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)	(200)
Redirect OCFT Revenue to Multimodal Fund	0	0	0	0	(35)	(35)	(35)	(35)	(35)	(35)	(35)	(35)
<b>Total Highways and Bridges</b>	<b>\$242</b>	<b>\$242</b>	<b>\$756</b>	<b>\$756</b>	<b>\$1,081</b>	<b>\$1,081</b>	<b>\$1,326</b>	<b>\$1,379</b>	<b>\$1,646</b>	<b>\$1,774</b>	<b>\$1,736</b>	<b>\$1,864</b>
<b>Mass Transit</b>												
Unprotected Fees	33	33	128	128	211	211	211	211	265	265	287	287
Title 75/Section 1786 \$500 Fee in Lieu of Suspension	0	0	3	3	5	5	5	5	5	5	5	5
Title 75/Section 3111 \$150 Fine (\$125 to PTF* & \$25 to JCSEA**)	11	21	21	42	21	42	21	42	21	42	21	42
Title 75/Section 6506 Traffic Violation Surcharges	5	5	12	12	13	13	14	14	14	14	14	14
Redirect Motor License Fund Act 44 Turnpike Transfer to Transit	0	0	200	200	200	200	200	200	200	200	0	0
Stop Act 44 Turnpike Payments for Mass Transit	0	0	0	0	0	0	0	0	0	0	(250)	(250)
Reduced Turnpike Payment from current revenues	0	0	0	0	0	0	0	0	0	0	50	50
Substitute Turnpike Bonded Revenues w/ Current Revenues-Bonds	0	0	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	0	0
Substitute Turnpike Bonded Revenues w/ Current Revenues-Cash	0	0	30	30	30	30	30	30	30	30	0	0
Sales and Use Tax Revenue Back-fill, \$450M minimum	0	0	0	0	0	0	0	0	0	0	450	450
Redirect \$30M of Act 44 Turnpike Transfer to Multimodal	0	0	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)	(30)
<b>Total Mass Transit</b>	<b>\$49</b>	<b>\$60</b>	<b>\$334</b>	<b>\$355</b>	<b>\$420</b>	<b>\$441</b>	<b>\$421</b>	<b>\$442</b>	<b>\$476</b>	<b>\$497</b>	<b>\$547</b>	<b>\$569</b>
<b>Multimodal</b>												
Unprotected Fees	30	30	67	67	73	73	73	73	79	79	86	86
Redirect \$30M of Act 44 Turnpike Transfer to Multimodal	0	0	30	30	30	30	30	30	30	30	30	30
Redirect OCFT Revenue from Motor License Fund	0	0	0	0	35	35	35	35	35	35	35	35
<b>Total Multimodal</b>	<b>\$30</b>	<b>\$30</b>	<b>\$97</b>	<b>\$97</b>	<b>\$138</b>	<b>\$138</b>	<b>\$138</b>	<b>\$138</b>	<b>\$144</b>	<b>\$144</b>	<b>\$151</b>	<b>\$151</b>
<b>Total Revenue all Modes</b>	<b>\$320</b>	<b>\$331</b>	<b>\$1,187</b>	<b>\$1,209</b>	<b>\$1,639</b>	<b>\$1,660</b>	<b>\$1,885</b>	<b>\$1,959</b>	<b>\$2,266</b>	<b>\$2,415</b>	<b>\$2,434</b>	<b>\$2,583</b>

**Notes:**

Assumes the first OCFT increase will be 1/1/14.

Title 75 fees are adjusted for the CPI-U (an inflation index) on 7/1/15 and again on 7/1/17 with the exception of heavy trucks, school buses and motor coaches where the inflator starts on 7/1/19.

The difference between the low and high columns for mass transit are the Section 3111 fines. The low column represents a conservative revenue estimate that assumes violations will decrease by 50% because of the increased fine.

\*Public Transportation Trust Fund

\*\*Judicial Computer System Augmentation Account