

Building a Sound Fiscal Future for New York's Highway and Mass Transit Systems



July 17, 2019

Agenda

- Background
 - Assets in Poor Condition, Declining Revenues, and Rising Costs
- Financing Options
 - Risks of Increasing Fuel Tax
 - Vehicle Miles Travelled (VMT) Fee
- Planning Options
 - Best Practices for Capital Planning
 - Beyond “Parity”

Background

Assets in Poor Condition, Declining Revenues, and Rising Costs



NYS Revenues are Primarily User Fees

New York State Dedicated Transportation and Mass Transit Revenues, FY 2018

(dollars in millions)

	<u>Dedicated to roads and bridges</u>	<u>Dedicated to mass transit</u>	<u>Dedicated to general funds</u>	<u>Total</u>
Motor fuel taxes	1,011	593	0	1,605
Motor vehicle fees	833	357	287	1,477
Corporation and utility taxes	14	164	0	178
Auto rental taxes	78	45	0	123
Highway use taxes	91	0	2	93
MTCD taxicab tax	0	56	0	56
State and federal operating subsidies	99	0	0	99
Total	2,126	1,215	289	3,630

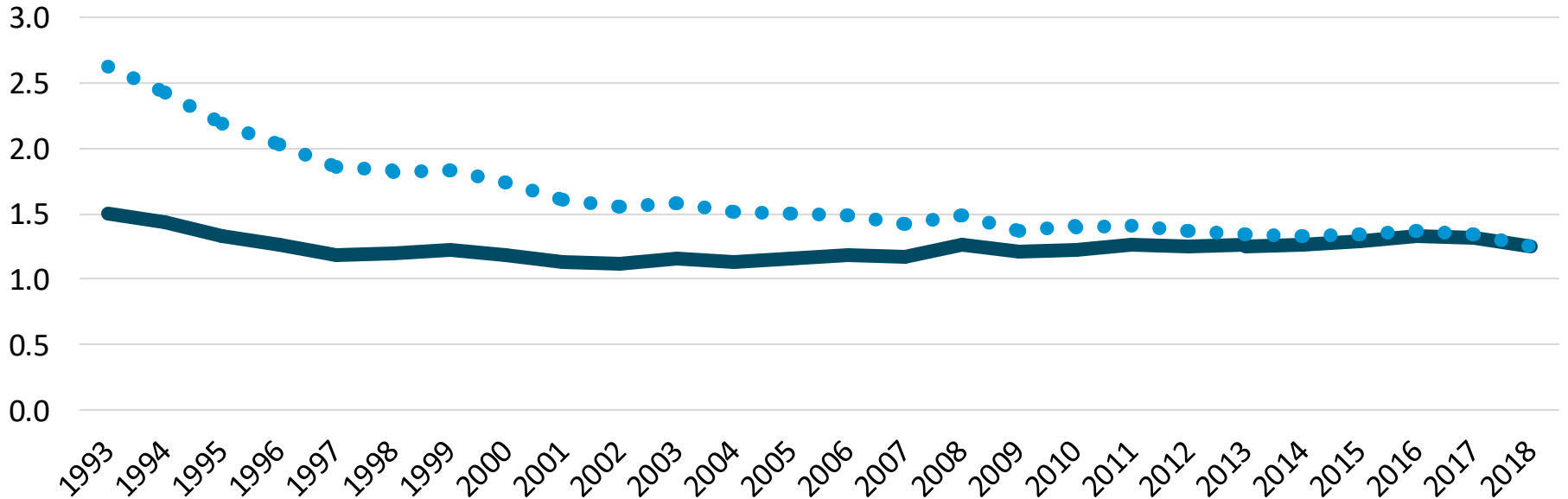
Sources: New York State Division of the Budget, Open Budget (accessed November 2018), Budget & Actuals, New York State Division of the Budget, FY 2019 Economic and Revenue Outlook (January 2018); and Office of the New York State Comptroller, Comptroller's Annual Report to the Legislature on State Funds Cash Basis of Accounting, Fiscal Year Ended March 31, 2018 (2018).

Real Fuel Tax Revenue is Eroding

New York State Fuel Tax Receipts per Vehicle Mile of Travel, 1993 to 2018

(cents per VMT)

— Current ••• Real terms (2018 dollars)

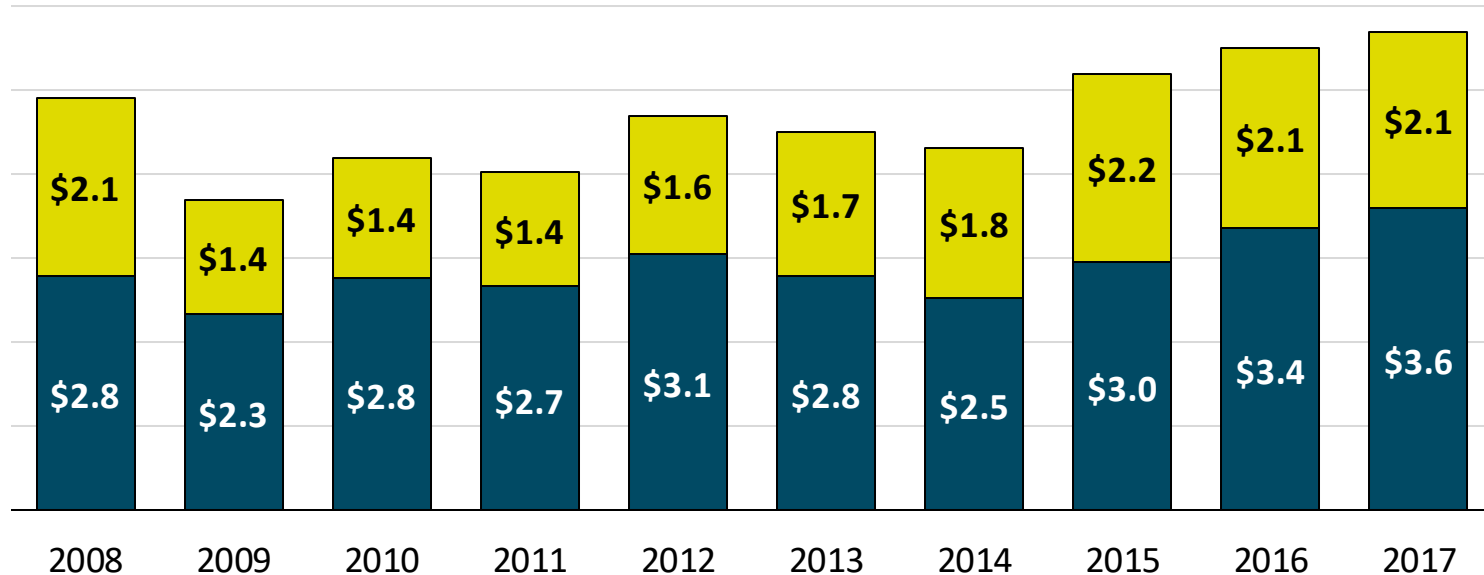


Deferred Maintenance Accumulating

Completed and Deferred Maintenance, DOT Assets

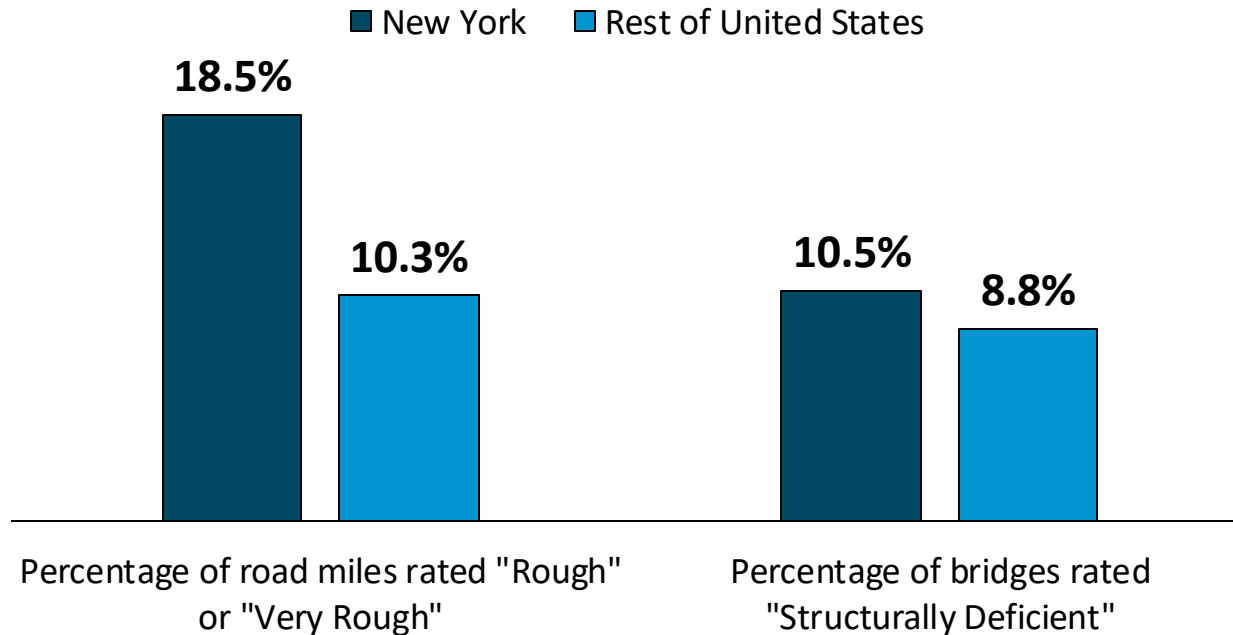
(dollars in billions)

■ Pavement spending ■ Deferred needs



Asset Condition is Below Average

Road and Bridge Condition, 2017



Financing Options

Existing Sources and a Vehicle Miles
Travelled (VMT) Fee



Issues With Increasing Existing Sources

- Raise fuel taxes
 - Deteriorates with efficiency and electric vehicles
- Increase motor vehicle fees
 - Does not relate to quantity of road use
- Use general revenues
 - Does not relate to road use in any capacity

Vehicle Miles Traveled (VMT) Fee Basics

- What is a VMT fee?
 - A vehicle-based charge for each mile driven
- Why a VMT fee?
 - Feasible
 - Operating/planned pilots in CA, CO, DE, MN, MO, OR, PA, UT, and WA
 - Regional pilots by RUC West and I-95 Coalition
 - Fair
 - Closely aligns user fee with road use
 - Sustainable
 - Revenue will not decline like fuel taxes

VMT Program Design Components

Technology

- The hardware and software required to implement the VMT fee

Rate-setting

- Per-mile rate structure for vehicles

Administration

- Administrative responsibility and use of revenues

VMT Program Design Components

Technology

Rate-setting

Administration

- Most pilot projects utilize on-board units (OBUs)
- OBUs installed or placed in the vehicle to record necessary data
- Can transmit data passively or actively
- Capable of thin-client or thick-client configuration
- Utilize radio frequency, cellular signals, and/or GPS to transmit data
- May allow for additional features at the user's option

VMT Program Design Components

Technology

Rate-setting

Administration

- Rate policy may take into account:
 - Size/weight of vehicle
 - Location of driving (Manhattan central business district, urban versus rural)
 - Time of driving (peak versus off-peak hours)
- Fiscal policy may:
 - Use revenues in addition to existing fuel taxes or as a replacement
 - Share a portion of revenues with local jurisdictions to account for use

VMT Program Design Components

Technology

Rate-setting

Administration

- Mix of options to leverage public and private sector strengths
 - Complete public administration
 - Public data collection and billing with private device provision
 - Public oversight with private device provision, data collection, and billing
 - Other

Five Additional Considerations for VMT

1. Preventing Evasion

2. Reducing Collection Costs

3. Protecting Privacy and Data

4. Ensuring Equity

5. Coordinating Interoperability

Planning Options

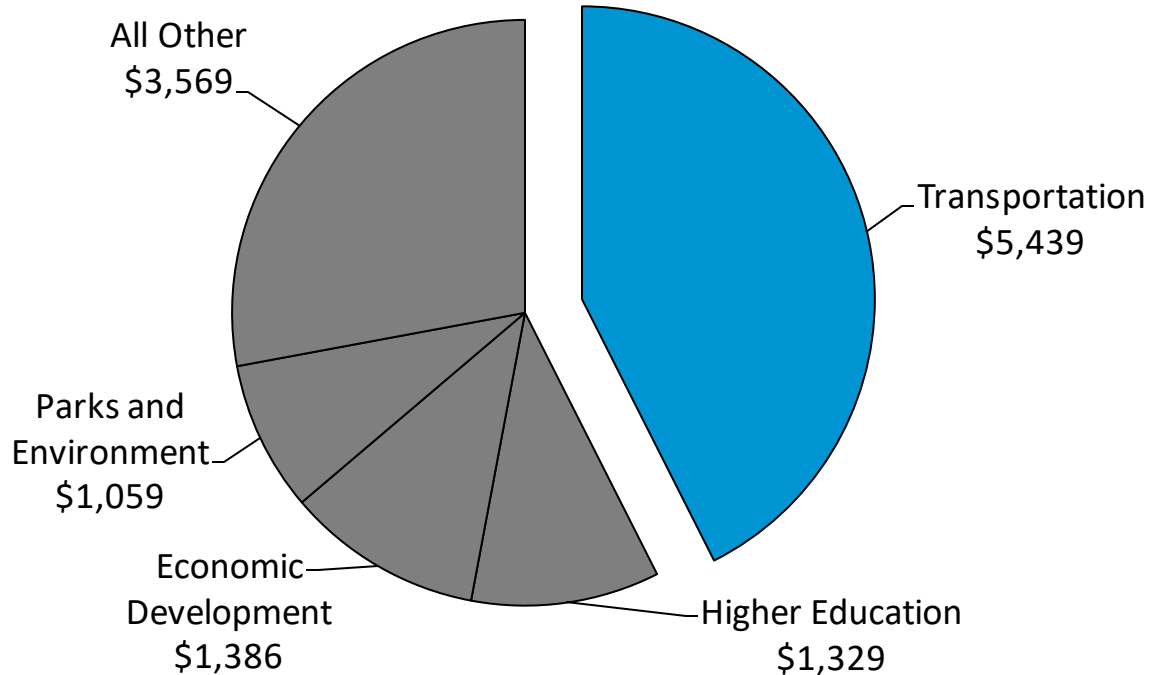
Best Practices for Capital Planning and
Beyond “Parity”



Transportation Tops Capital Spending List

NYS Capital Projects Spending, Fiscal Year 2019

(dollars in millions)



Improve Capital Budgeting for DOT

- Political leaders negotiate DOT capital budget
- Misguided misnomer of “parity” with MTA
- Capital budgeting should be aligned with best practices for planning
 - More rigorous and objective
 - More emphasis on DOT’s expertise
 - Less political influence

Align Budgeting with Best Practices

01

Priorities and Goals

Outline a vision for the assets, including specific goals for condition and expansion.

02

Needs Assessment

Catalog the current condition of all assets. Based on current condition and recent work, link assets to the cost to maintain a state of good repair.

03

Identify Resources

Quantify Federal, State, and other funding available for capital investments. Also consider alternative funding sources.

04

Develop Capital Plan

Make a list of projects which will be executed to achieve goals based on needs using the resources identified.

05

Implement Plan

Enact the funding necessary to support the plan, carry out projects, conduct maintenance, and adjust the plan for unanticipated events.

Questions?

