

STATE OF MICHIGAN HOUSE TRANSPORTATION COMMITTEE



Eric Morris, Vice President & Michigan Office Leader

May 15, 2019

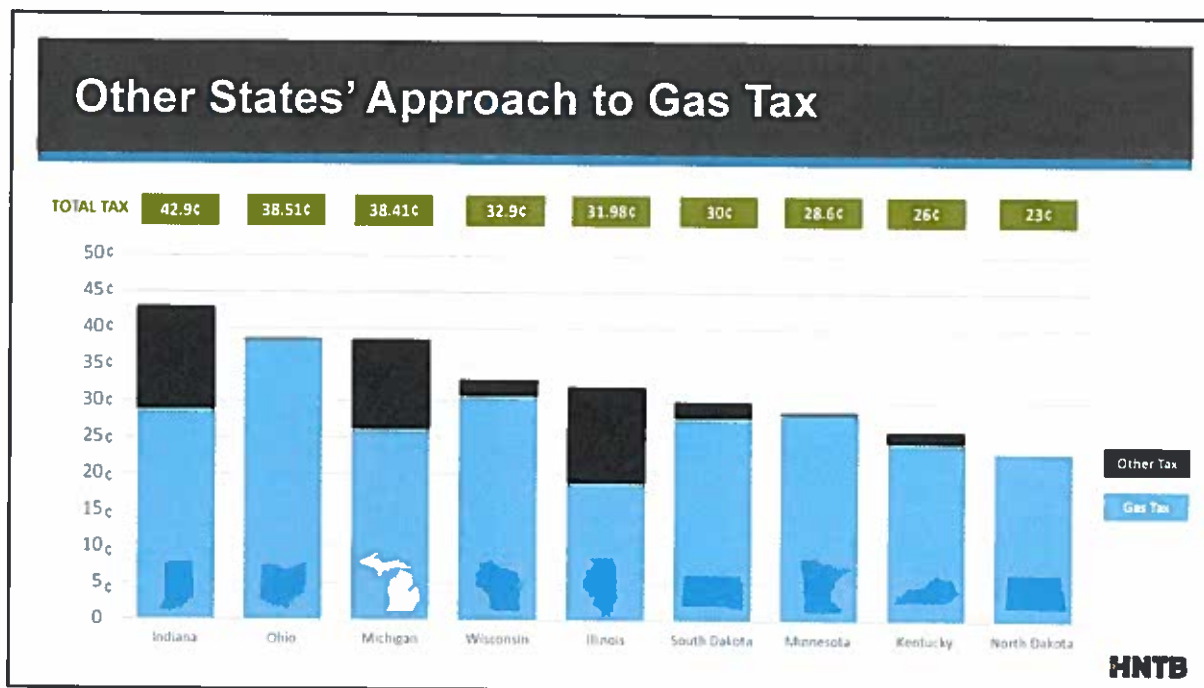


About HNTB

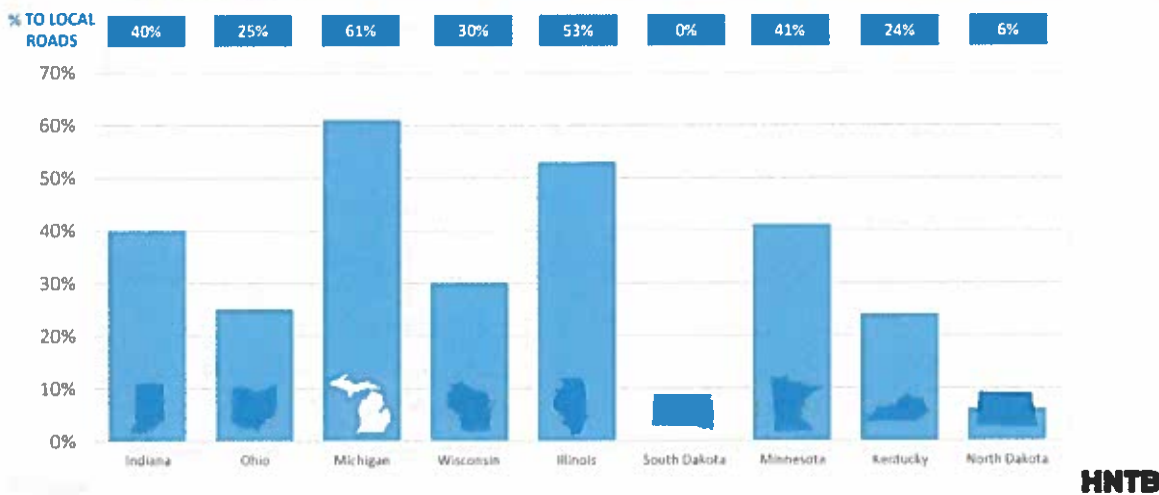
- Employee-owned infrastructure solutions firm
- Founded in 1914
- More than 4,500 staff in 70 offices around the U.S.
- Opened Michigan office in 1992; currently employ 100+ Michigan Residents
- Engineer News-Record's Midwest Design firm of the Year, 2019



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Other States' Approach to Funding Local Roads



Other States' Approach to Fuel Tax

▪ Nationwide Trends

- Many states have part of fuel taxes diverted to other uses, such as public education
- 33 states' trust funds are not constitutionally protected
- 22 states have raised their motor fuel tax in the last 5 years
- Many states are evaluating new comprehensive funding plans to supplement the gas tax (vehicle registration, tolling, VMT/RUC)

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Additional Transportation Funding Methods

State

- Vehicle registration fees
- Vehicle weight fees
- Alternative fuel vehicle fees
- Sales taxes (fuel, vehicle, rental car, general)
- General funds
- Severance tax
- Interest income
- Interstate tolling

Local

- Local option taxes (fuel sales and/or excise)
- Local vehicle registration fees
- Local ad valorem taxes
- Special assessment or transportation tax districts
- Tolls/farebox
- Hotel/parking/rental car tax
- Private

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Tolling Today

121

toll agencies in
the U.S.

35

U.S. states and
territories with
at least one
tolled highway,
bridge or tunnel

5 billion

trips per year on
tolled roads and
crossings in the
U.S.

5,431

miles of U.S.
toll roads

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Factors Driving Growth in Tolling – Nationally



Shrinking
traditional
funding



Growing U.S.
population



Vehicle miles
traveled (VMT)
on the rise



Growing
public
acceptance

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Benefits of Tolling

- User fee, not a tax
- Does not impact federal funding
- Sustainable revenue source
- Can partner with transit for integrated mobility solutions
- New technology providing benefits:
 - All-electronic tolling (AET) allows tolling at highway speeds
 - Enables variable pricing to manage congestion and maximize capacity
 - Interoperability

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Federal Programs to Advance Interstate Tolling

MAINSTREAM PROGRAMS

- No additional federal approval processes required
- Requires reconstruction of existing bridges/tunnel lanes or construction of new lanes
- Potentially faster to implementation
 - Section 129 New Capacity
 - Section 129 Bridge/Tunnel Reconstruction
 - Section 166 HOV to HOT Conversion

PILOT PROGRAMS

- Must secure a slot in a competitive Pilot Program
- Greater flexibility (corridor tolling and variable pricing without reconstruction)
- More nuanced requirements, plan and environmental (NEPA)
 - ISRRPP (Interstate System Reconstruction and Rehabilitation)
 - VPPP (Value Pricing)

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Programmatic Considerations



Evaluation and Feasibility



Legislative Elements



Proactive Communications Strategy



Environmental Justice and Mitigation



Opportunities to Leverage Revenue



Schedule Drivers



Potential Litigation and Mitigation

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Michigan – Potential Next Steps

- ▶ Legislative action
- ▶ **Implementation Plan**
- ▶ FHWA Concurrence
- ▶ Communications and Outreach
- ▶ Pre-construction Activities
- ▶ Environmental Approvals
- ▶ MOU or Tolling Agreement with FHWA

Implementation Plan Components

- Policy formulation
- Capital needs assessment
- Toll plan and options
- Traffic & Revenue analysis
- Net revenue, phasing and financing strategy
- Federal approach (tolling programs and NEPA)
- Communications approach
- Detailed ConOps plan

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