



Analysis of Senate Ways & Means Transportation Bill

What's in the new bill, and how to make it better

Compared to the Joint Ways and Means bill released last, the Senate bill released yesterday is a step in the right direction. It allocates an average of \$600M per year to transportation. That said, it falls short for 3 reasons:

- There isn't enough funding to fix and modernize our system as quickly as we need and begin work on a capital program that would allow projects like I-91, Green Line and South Coast rail to advance on schedule in the early years (FY14-16).
- There isn't enough funding to ensure that tolls, fees and fares do not rise sharply in the later years (FY17-18).

What does the new Senate bill do?

SWM Proposal	Problems
Asks MassDOT and MBTA to aggressively grow their own revenues over time.	Likely resulting in much higher fees, fares and tolls for riders and drivers.
Ends capital spending for daily operations freeing up \$240M in capital funds for needed repairs.	Full borrowing capacity won't be available for 3 years, putting us behind the curve for buying new equipment.
Commits \$77M from the Underground Storage Tank Fund (paid for by part of the existing) gas tax to transportation, starting in FY15.	Doing this in FY14 as well would allow us to begin capital repairs faster.
Instructs MassDOT to raise \$40M by leasing rights-of-way around transportation infrastructure.	MassDOT already working on real estate plan, so these are not new revenues. Estimates may be optimistic.
Covers MBTA budget gap in FY2014 and helps with structural gap going forward.	Assumes lower growth in T expenses than Governor's plan. If costs go up faster, structural gap will reemerge.
Forward-funds the RTAs and provides \$12M in new operating funds divided among many RTAs.	\$12M is 1/8 of Governor's proposal, likely not enough to substantially expand and improve bus service.
Covers borrowing costs for MassDOT and MBTA 5-year capital plans.	No new funding for capital expansions like Green Line Extension, South Coast Rail, South Station, or Expanded Accelerated Bridge Program
Provides limited funds to allow for bonding for important projects.	There is simply not enough new capital to pay for many needed projects, especially in the early years.



Our Recommendation

We recommend dedicating additional funds in FY14–16 to fix more of the system faster and begin advancing important projects. We recommend dedicating additional funds in FY17-18 to reduce the magnitude of the anticipated tolls, fees, and fares hikes.

1. Dedicate the Underground Storage Tank funds sooner, starting in FY14.
2. Identify additional funds for transportation. Options pertinent to the SWM proposal include dedicating to transportation a portion of the unallocated, additional tax revenue OR raising the gas tax a total of 9 cents either incrementally or in one year.

Below is a table that shows how much additional revenue would be needed each year to get a good start on our maintenance and modernization needs and ensure that we keep tolls, fares, and fees at a reasonable level.

	FY 14	FY 15	FY 16
Additional revenue needed to keep fares, tolls, fees at reasonable levels	\$0	\$47	\$110
Additional revenue needed to account for optimistically budgeted revenues from land leases	\$0	\$0	\$40
Additional debt service needed for new capital projects	\$55	\$61	\$103
Additional new pay-as-you-go capital for needed maintenance projects	\$25	\$50	\$75
TOTAL additional revenue needed	\$80	\$158	\$328
Funds SWM has available for debt service on capital projects	\$0	(\$79)	(\$121)
Additional revenue needs in \$ millions	\$80	\$79	\$207