



TRANSPORTATION

FISCAL YEAR 2023-2024 BUDGET HEARING

Transportation

With Prosperity Comes Challenges

\$26B

Congestion

15 yrs

to complete a project *on average*

Delivery

20%

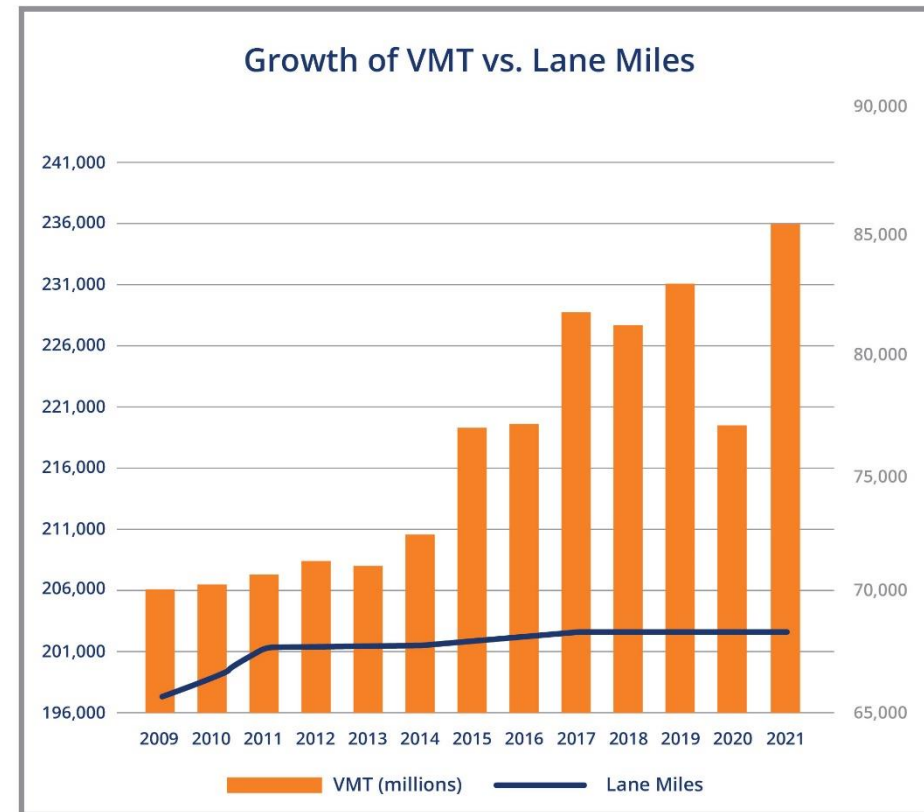
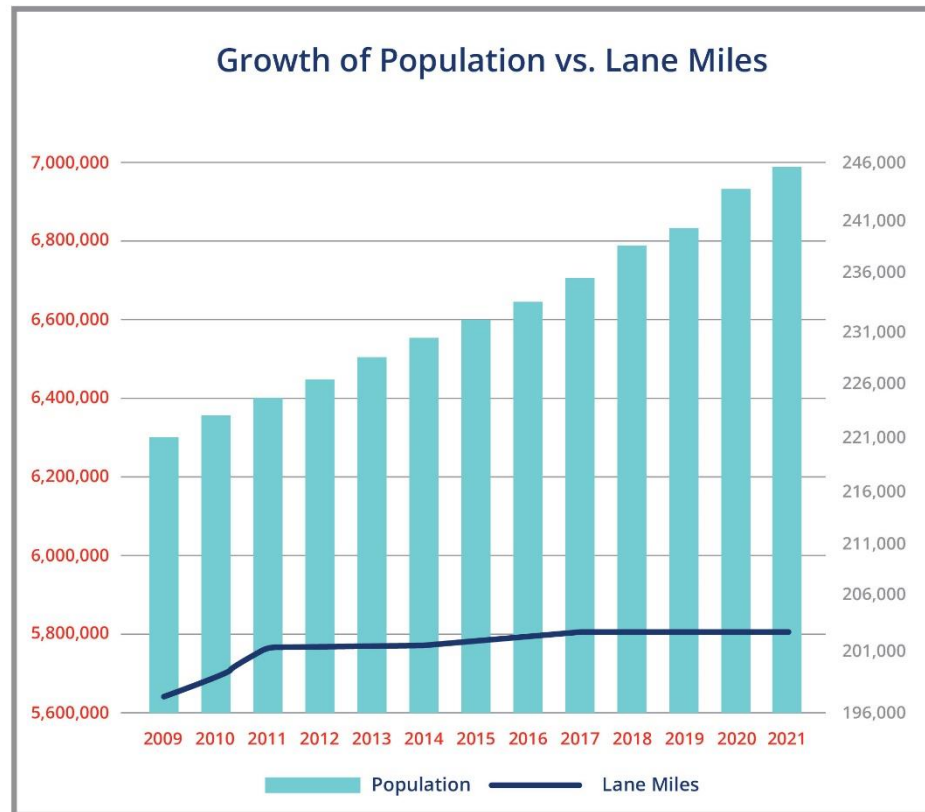
vacancy

Workforce

Transportation

Challenge: Outpacing the State's Roadway Investments

Recent Population and Vehicle Miles Traveled (VMT) Growth vs. Lane Miles



Transportation

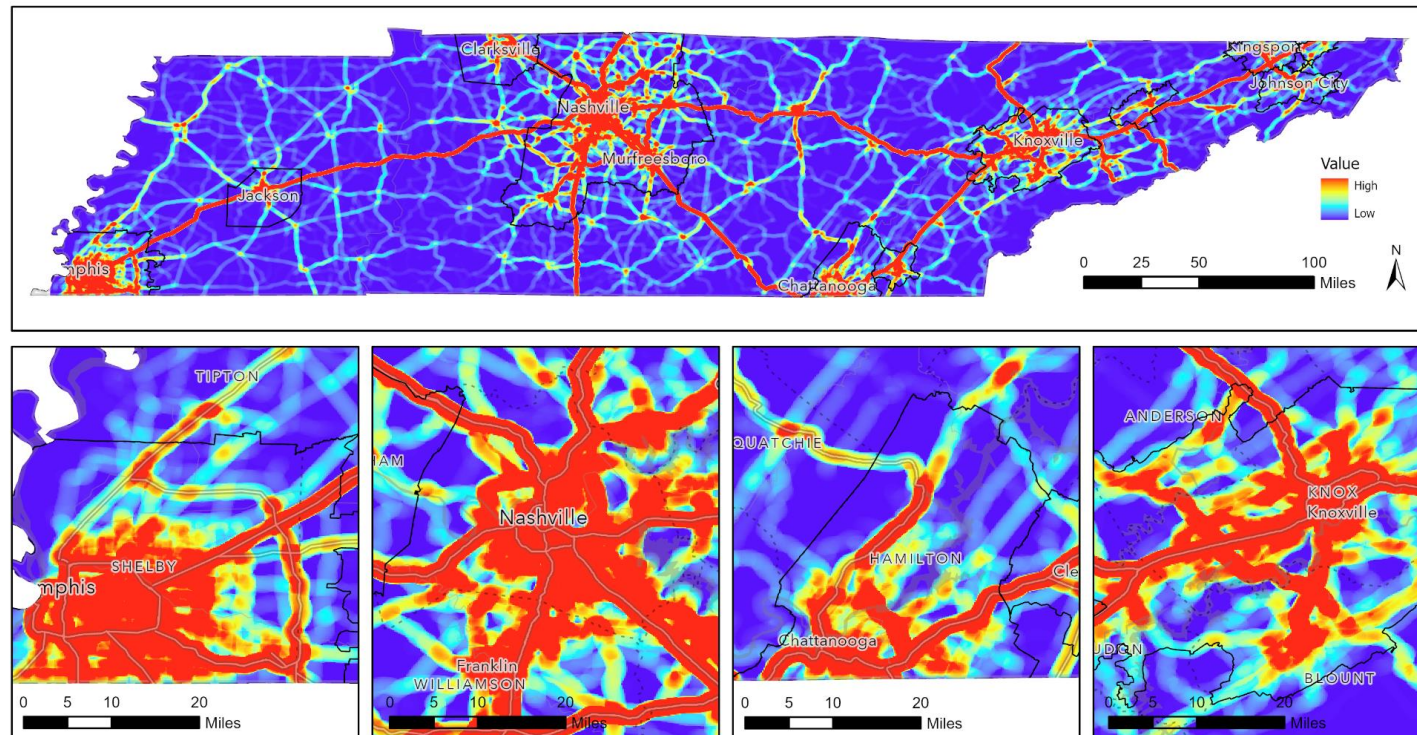
Current and Future (2045) Congestion Comparison



Transportation

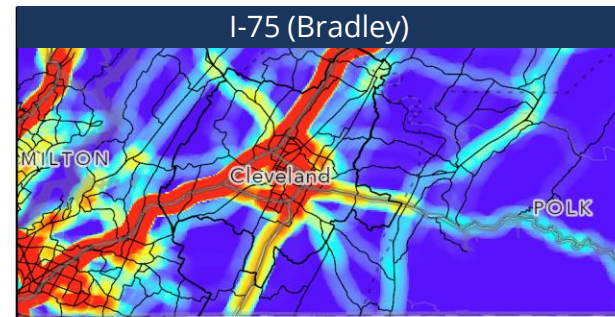
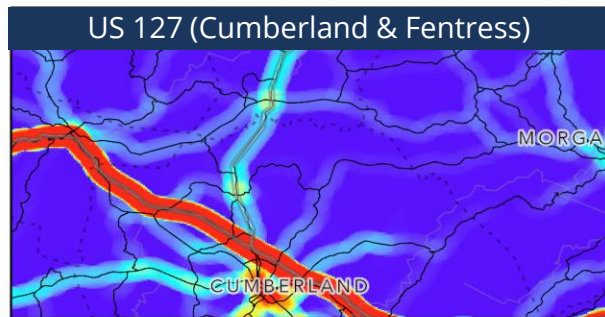
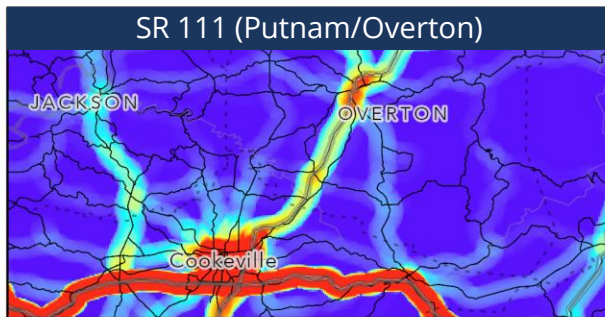
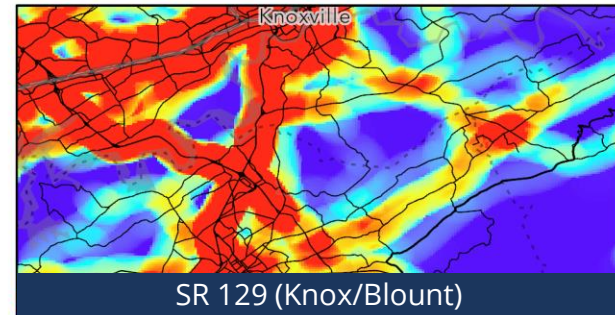
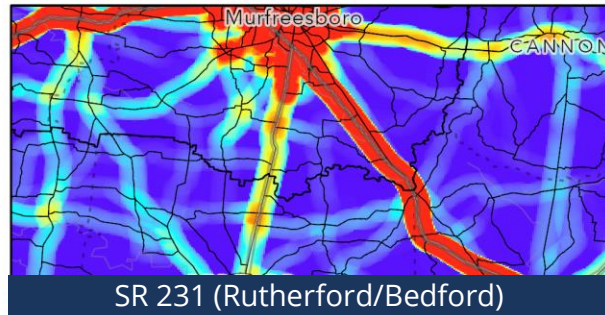
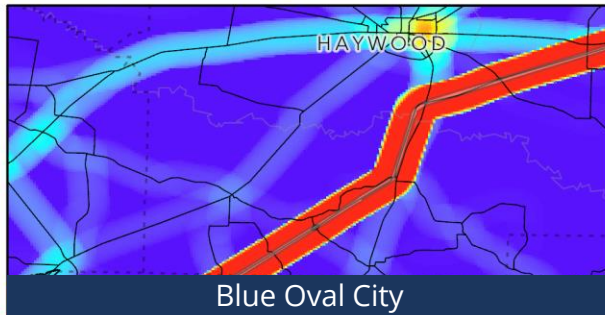
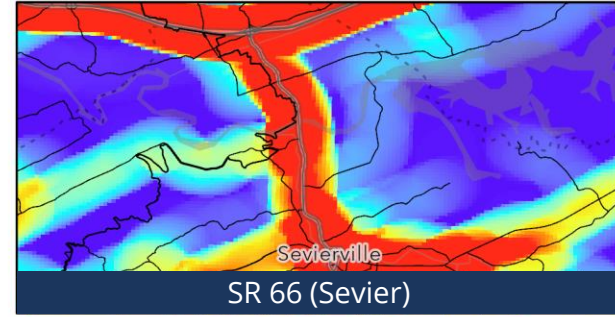
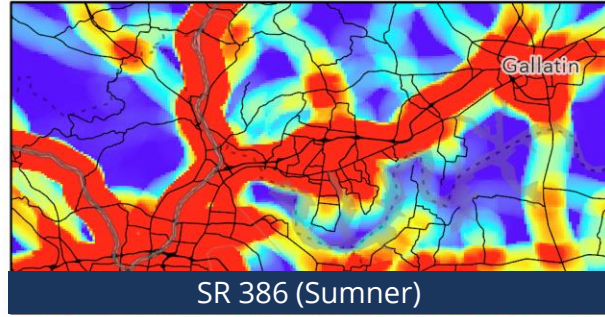
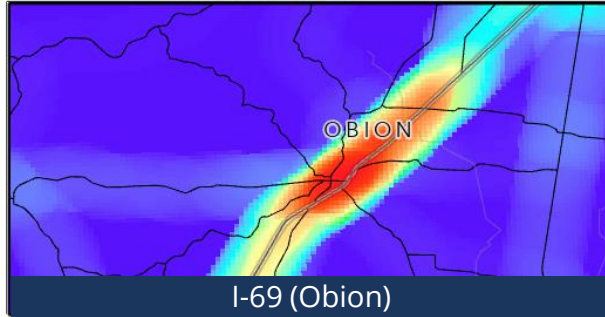
What this Means for Tennesseans

Commute times will **increase by 60%** and intercity travel times between major Tennessee cities will increase by up to **one hour**.



Transportation

It's a Statewide Problem



Transportation

Average Daily Long-Haul Truck Traffic on the National Highway System: 2012



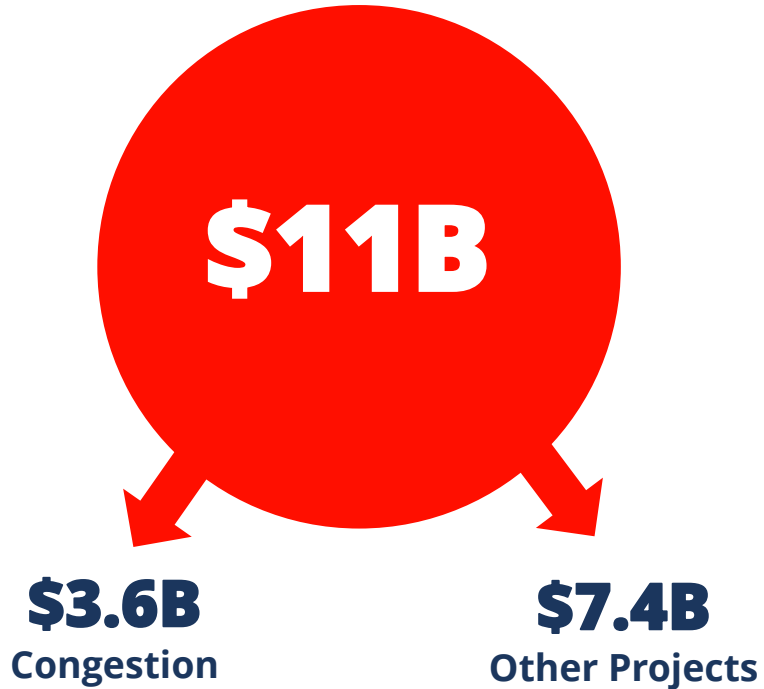
Transportation

Average Daily Long-Haul Truck Traffic on the National Highway System: 2040

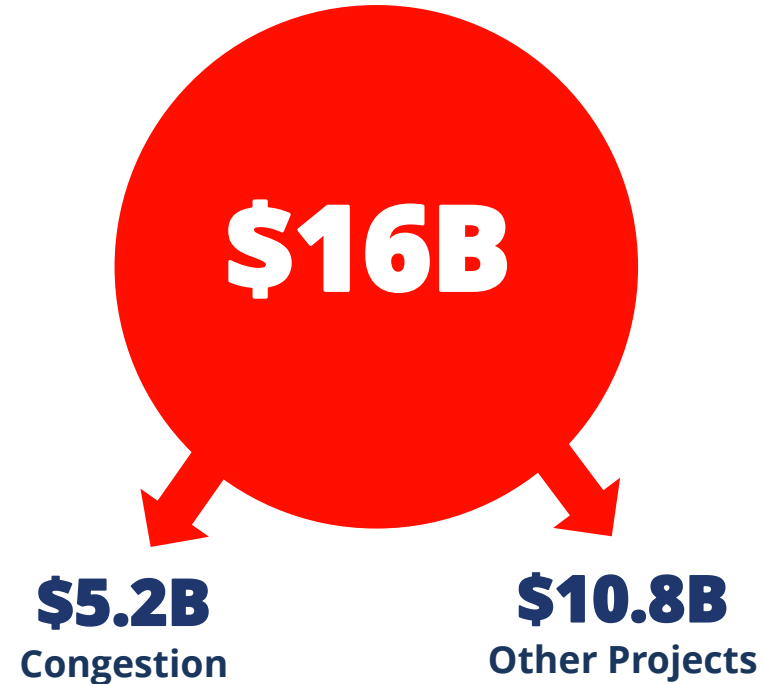


Transportation

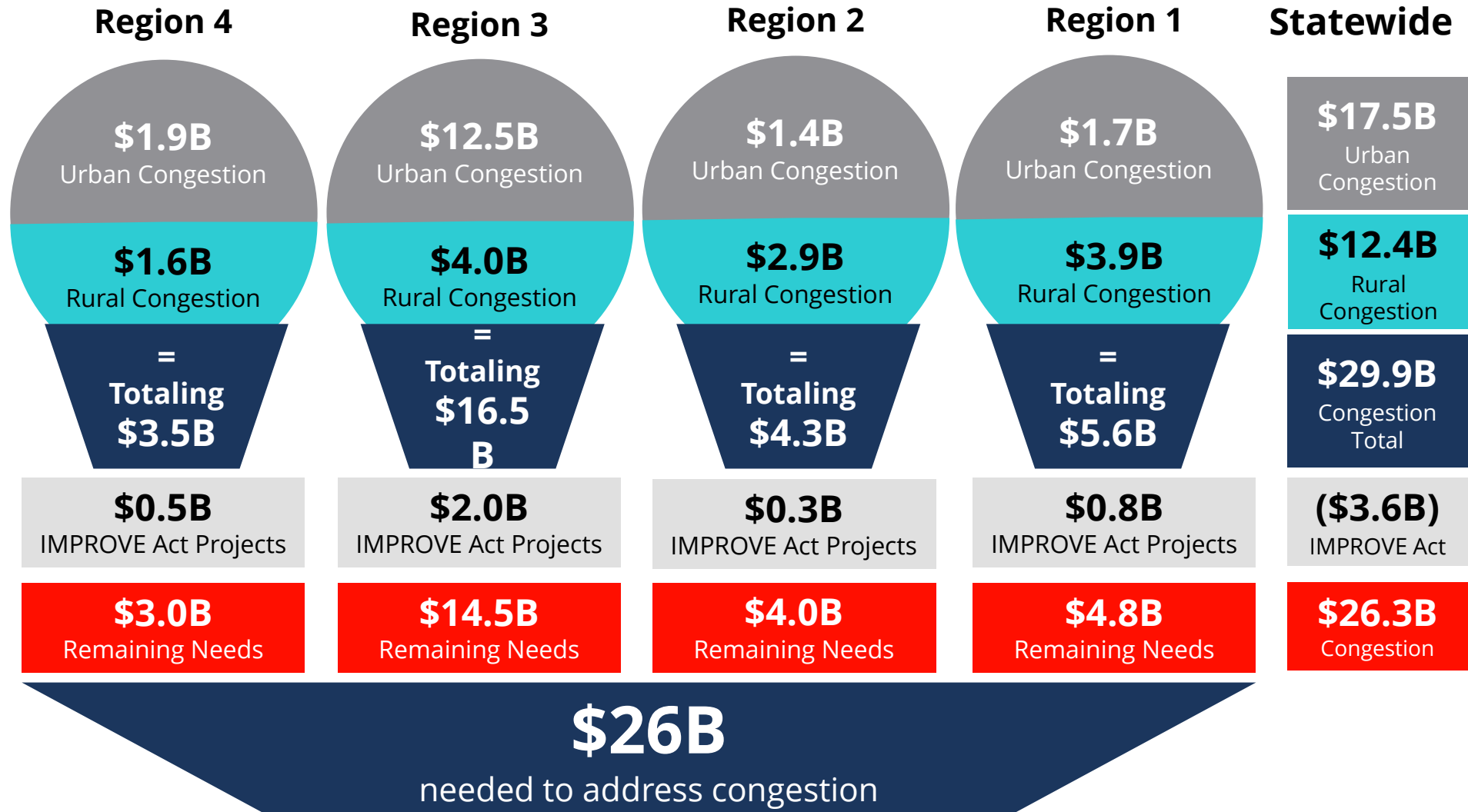
IMPROVE Act: 2017



IMPROVE Act: 2022



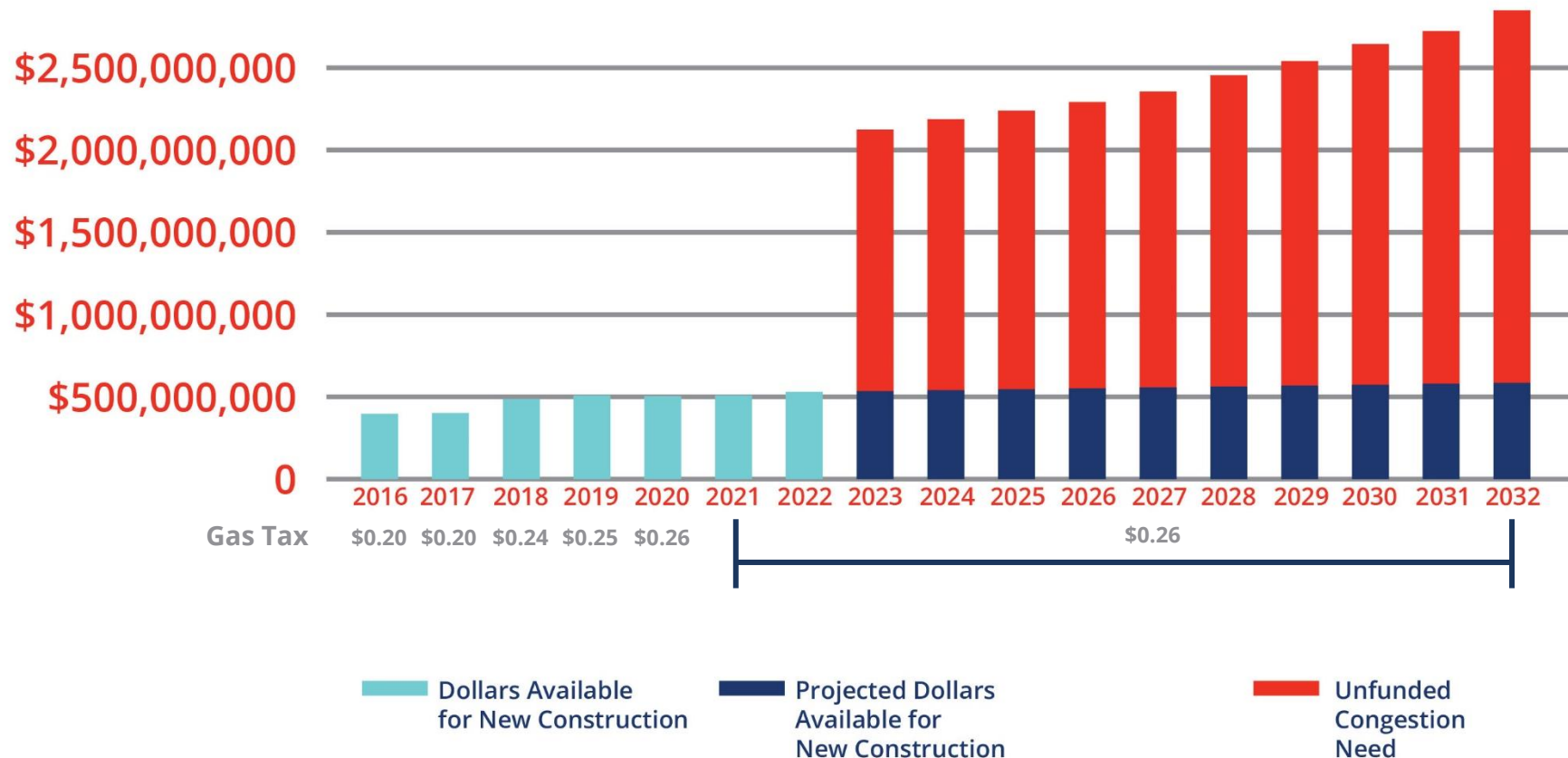
Transportation



Transportation

Challenge: Why Current Revenue Doesn't Keep Pace

Dollars Available vs. Needed Revenue to Address Congestion



Transportation

Challenge: Delivery

15
total years

11 years
Development Phase

4 years
Construction Phase

Current
Traditional
Project
Delivery Time

Traditional
delivery
projects cost

40%
more
than
original
estimates

Bottom Line:
Projects take too long
and cost too much



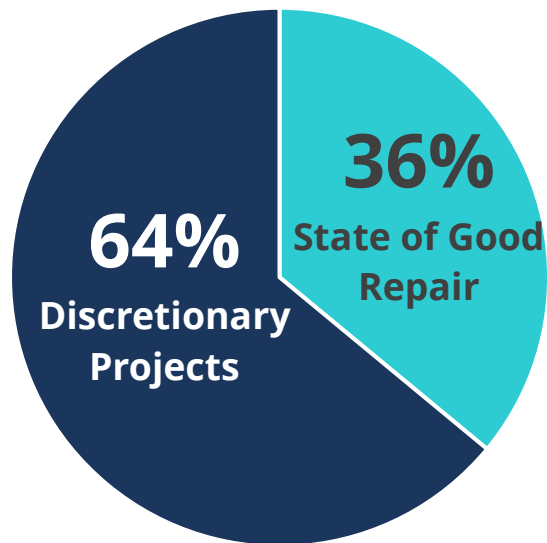
+



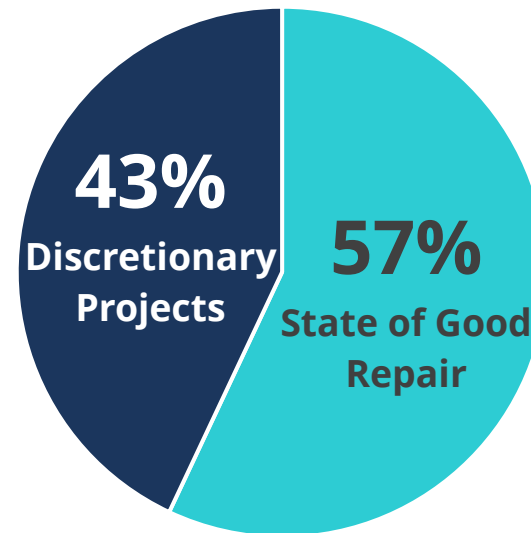
Transportation

Challenge: Discretionary Dollars in Our Annual Lettings are Shrinking

Current (FY 22)



Future (FY 45)



"...the Department of Transportation will become the Department of Maintenance."

-IMPROVE Act Debate



Transportation

Comparison of Budgeted Revenue (millions)

	FY 23 Budget	FY 24 Proposed	Variance
Federal	\$1,338.4	\$1,442.5	\$104.1
State	\$1,907.4	\$1,189.8	(\$717.6)
Local	\$38.4	\$49.7	\$11.3
Total	\$3,284.2	\$2,682.0	(\$602.2)

Major Variances

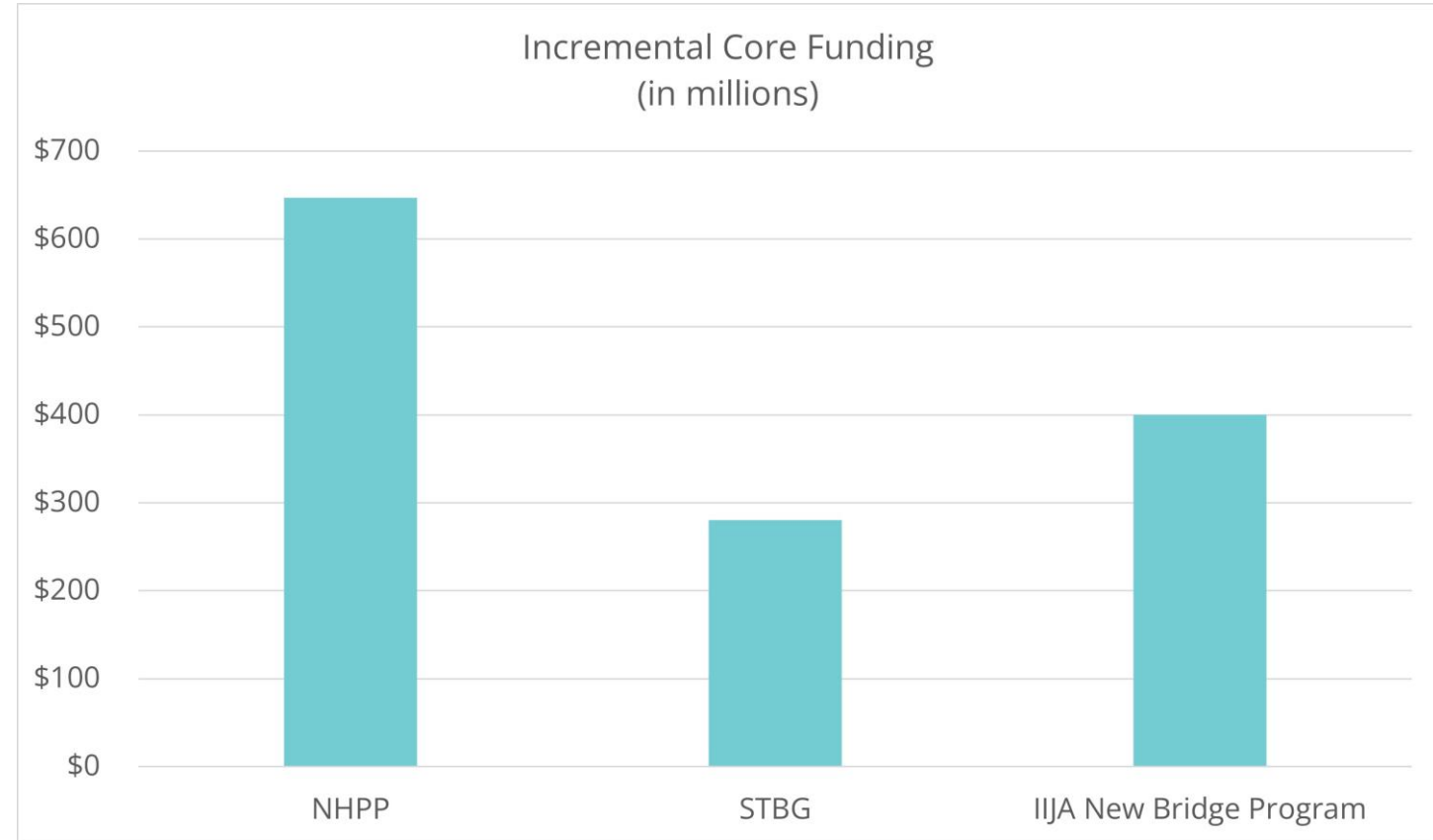
- Federal - \$22.0 M – Normal annual increase in IIJA-FHWA
\$82.1 M – IIJA increases not known in FY 23 budget cycle
- State – (\$719.0 M) FY 23 General Fund transfer dollars not planned to re-occur
\$1.1 M – Miscellaneous revenue increase
\$0.3 M – Other
- Local - \$11.3 M – Local share on projects will increase (based on funding code)



Transportation

Federal Funding - IIJA

- Provides stable funding for FY 22 – FY 26
- Increased our core building programs \$1.3B over 5 years
- When spread over 5 years, \$1.3B equates to an extra \$65M/year/region
- Not a significant increase in funding

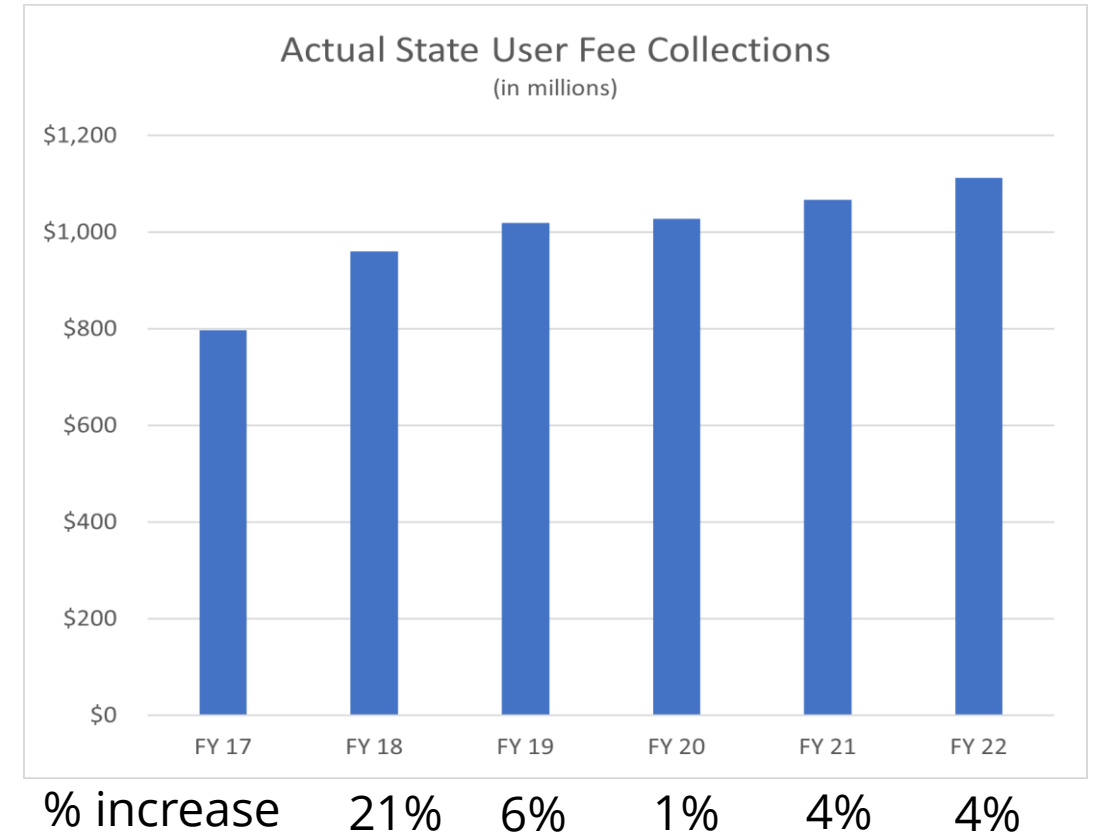


Transportation

State Funding

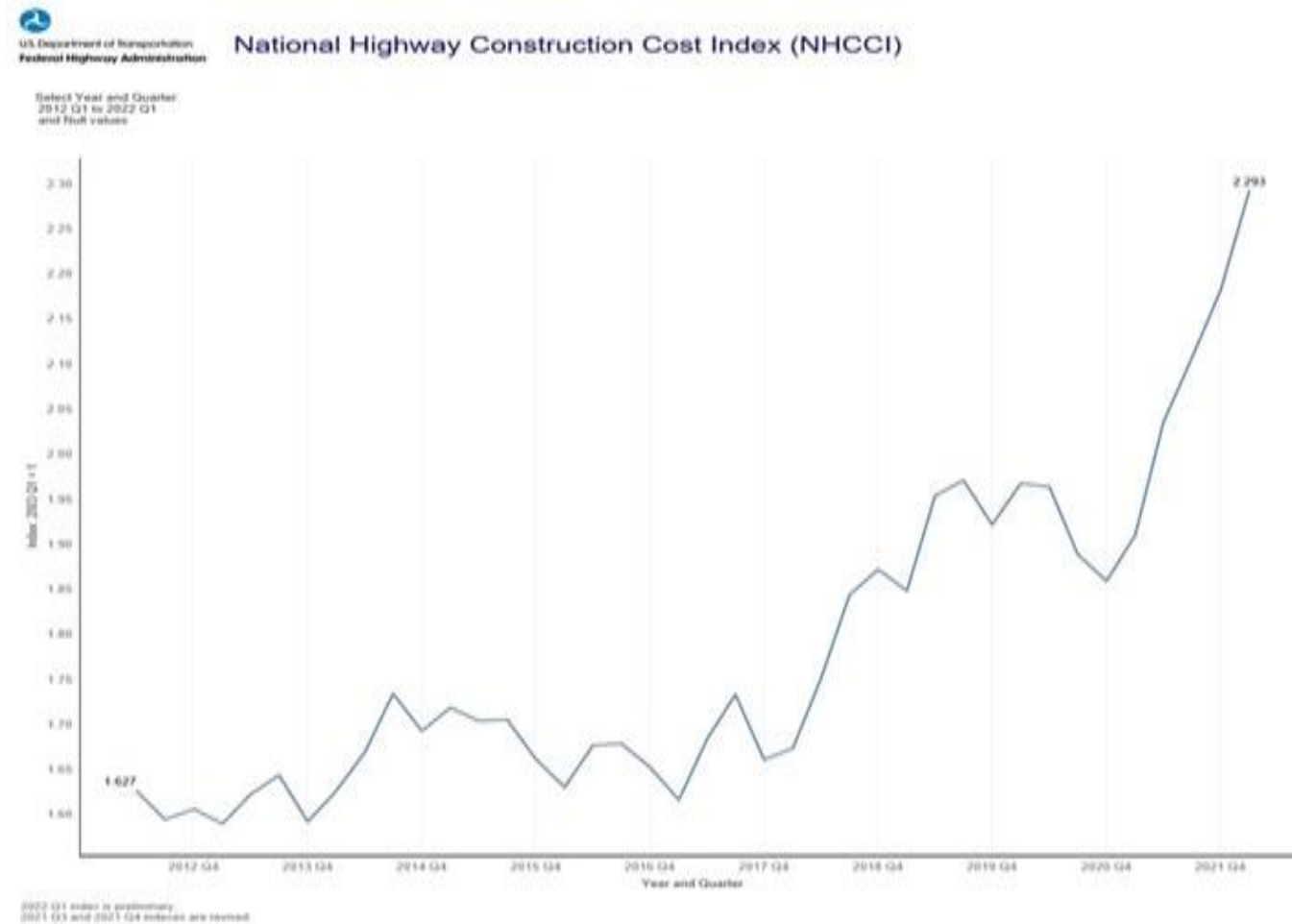
(Gas Diesel, Special Petroleum, Vehicle Registration)

- 4% growth is not keeping pace with current inflation (7%-8%) – see next slide
- With more fuel-efficient vehicles and conversion to electric vehicles, the variance between revenue growth and inflation will continue to get worse
- YTD FY 23 collections show (vs FY 22)
 - Gas down 4.4%
 - Diesel up 6.7%
 - Special Petroleum down 2.2%
 - Vehicle Registration down 18.6%



Transportation

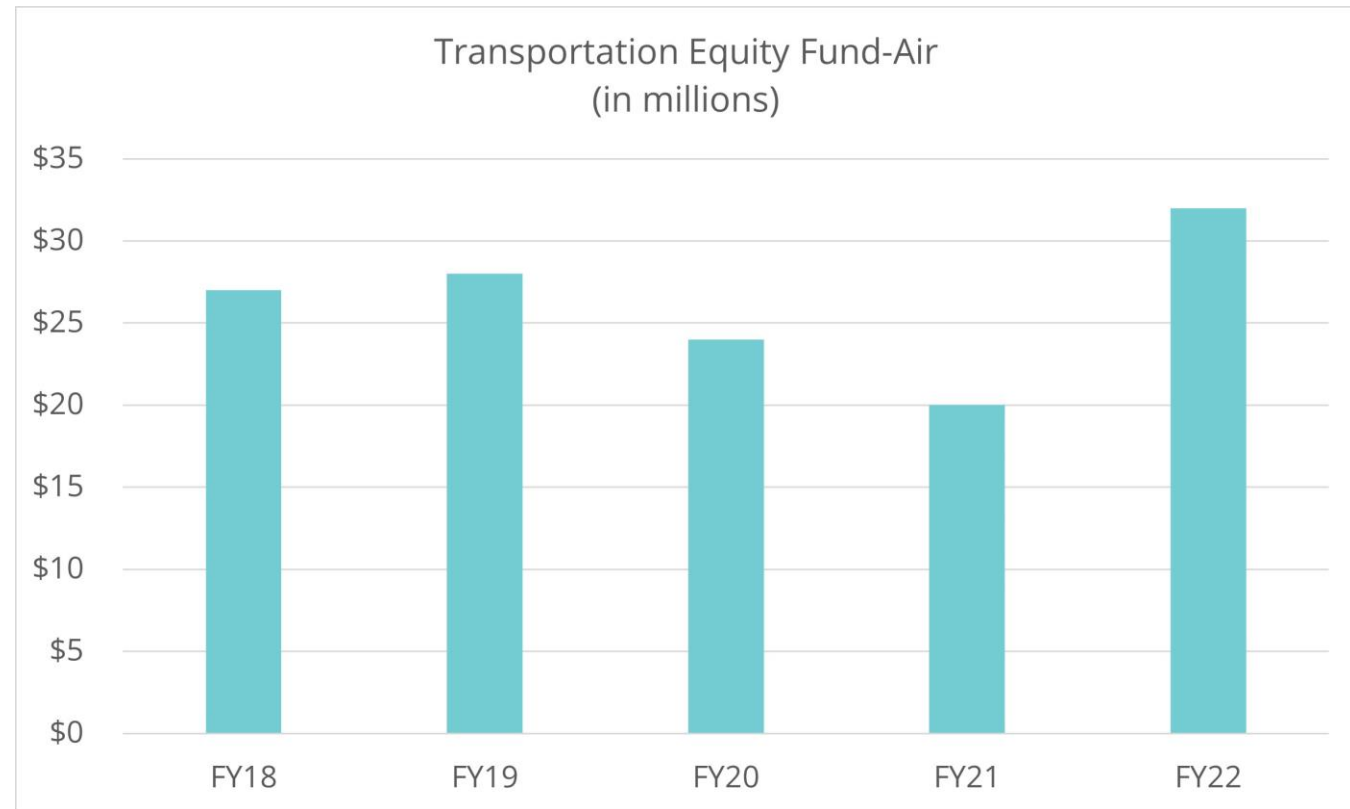
National Index of Highway Construction Cost (Q1 2003=1)



Transportation

Transportation Equity Fund-Air

- The FY22 increase was a function of increased gallons and higher cost of fuel
- TEF-Air split between air carriers and general aviation
- General aviation needs \$37M annually (over regular FAA funding) to keep current state of good repair (\$28M pavement, \$5M infrastructure/buildings/terminals)
- FY22's \$12M state general fund transfer plus additional IIJA FAA dollars kept general aviation appropriately funded



Transportation

Electric Vehicles

- Growth in purely electric vehicles
 - 6/30/20 – 6,400 (0.1% of total fleet)
 - 6/30/21 – 9,100 (0.1% of total fleet)
 - 6/30/22 – 16,300 (0.2% of total fleet)
- Estimated loss in user fees from electric vehicles in FY 22 = \$3.3 M (\$200 per vehicle)
- Revenue options in other states
 - Vehicle Miles Traveled (VMT) pilot program
 - Increases in vehicle registration fee
- Drive Electric Tennessee's goal is for 200,000 electric vehicles by 2028 (would equate to 3% of our current registrations)
- Impact of 200,000 electric vehicles would be ~ \$40 M revenue loss



Transportation

Commissioner Closing thoughts

- Grateful for the commitment to infrastructure by the Governor and the Legislature
- Internal review of TDOT – EPIC and IPD
- Citizen survey - <https://www.tn.gov/tdot/survey/>





TRANSPORTATION

FISCAL YEAR 2023-2024 BUDGET HEARING