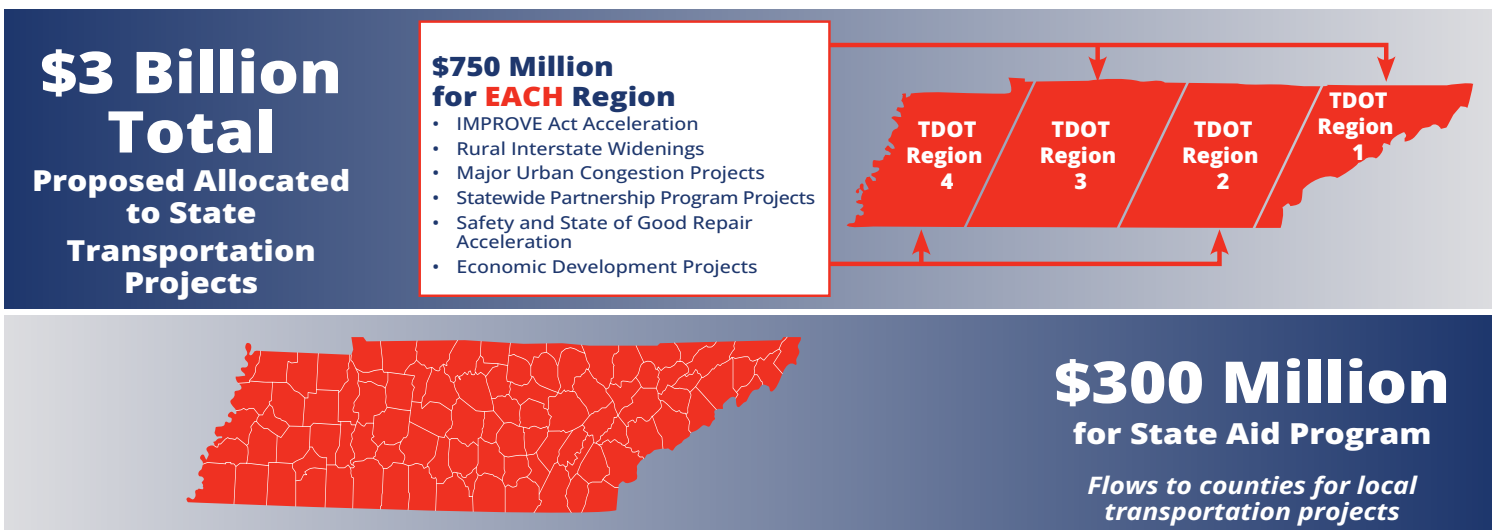


Transportation Modernization Act

Build With Us

Background

- Tennessee's growth has far exceeded any projection developed during the 2017 IMPROVE Act and the state is falling behind on delivering the miles of road, bridges, and other mobility tools needed to continue supporting a high-quality of life for all Tennesseans. Traffic congestion is now becoming more prominent throughout Tennessee, and not just in urban areas.
- TDOT is committed to delivering the remaining \$16 billion in IMPROVE Act projects; however, independent congestion studies show a \$26 billion backlog of congestion related needs **over and above** that 2017 law, with only \$500 million in annual new construction funds to address these needs. Additionally, the cost of congestion to Tennesseans isn't zero. Such costs, which include delays and higher fuel consumption by vehicles traveling at slower speeds in the 11 urban areas of Tennessee per commuter is \$670 annually; in the larger four urban areas that amount is \$989 annually.
- In addition to addressing these congestion-specific needs, TDOT continues to construct the remaining 70% of projects in the 2017 IMPROVE Act, while simultaneously developing infrastructure plans to accommodate the increased economic opportunity and population growth we've experienced in the past several years.
- The proposed **Transportation Modernization Act** will provide the state with **innovative tools to address traffic congestion**, especially in our urban areas, **freeing up funding to invest in our rural and suburban communities, all without raising the gas tax or taking on debt.**
- Governor Lee's proposed FY24 budget recommends providing a general fund transfer of approximately \$3.3 billion to the Department of Transportation to help jump-start critical transportation projects in both rural and urban areas of the state.



Choice Lanes

Leveraging private-sector investment to deliver major congestion mitigation solutions

- TDOT is requesting the authority to partner with the private sector to design, build, finance, operate and maintain **new and additional** lanes on existing interstates called Choice Lanes – the state would retain ownership of the roads.
- Partnering with the private sector allows those **expensive urban congestion challenges to be addressed using private-sector investment, freeing up state funds to invest in rural communities**, like three-laning rural interstates.
- Drivers make a choice to use the existing lanes or pay a user fee to enter the new additional lanes for a guaranteed minimum speed. This is different from a traditional toll road where *all* drivers must pay a user fee to use a specific route. While many motorists may choose to stay in the existing lanes, they still enjoy the benefit of reduced congestion as other motorists move into the additional Choice Lanes.
- On average in P3 delivery, such as Choice Lanes, 70% of the work performed is accomplished by local contractors. This is work over and above the current road and maintenance program.



Choice Lanes Benefits

- Increases ability to invest in rural communities with new roads, repairs and bridge modernization
- Improves traffic conditions in existing lanes due to fewer vehicles
- Provides reliable travel speeds and trip times
- Offers enhanced transit options which are proven to increase ridership, such as Bus Rapid Transit
- Improves the quality of life as motorists spend less time in traffic
- Impacts regional economic prosperity positively

How Choice Lanes Work

- **They are not toll roads.** Drivers have the option to utilize the existing lanes where a user fee is not charged
- New lanes are constructed that require a user fee to drive in them for a reliable trip time
- Revenue generated is used to operate the Choice Lanes and help pay back the original private investment costs of building the project
- Pricing is used to control the use of the lane. Choice lanes operate around 50 mph during rush hour.

Alternative Delivery

The right tool for the right job

- TDOT is currently statutorily limited in its ability to deliver projects through alternative delivery methods that have shown to promote efficient and expedited project delivery when constructing complex roadway projects.
- Expanding TDOT's existing alternative delivery tools (including Design-Build (DB) and Construction Manager/General Contractor (CM/GC)) will put TDOT in a strong position to optimize the delivery of increasingly complex infrastructure solutions.
- To date, TDOT's alternative delivery program has seen a \$22 million cost savings and almost 70% faster delivery compared to traditional delivery.



Expedited
Delivery



Design/Construction
Innovation



Efficient Risk
Transfer



Cost
Savings

Creating Parity with Electric Vehicles

- On average, Tennessee combustion engine vehicle owners pay approximately \$274 (Source: University of Tennessee) in federal and state gas taxes each year, which goes to the state's highway fund. These funds are shared with local communities. Meanwhile, Electric Vehicle (EV) owners currently pay \$100 into that fund, which is not currently shared with local governments.
- The adoption of EVs and hybrids will continue to erode Tennessee's primary revenue source for building and maintaining our state's critical infrastructure, the gas tax. This comes at a time when the need for revenue to build and maintain roads is increasing at a rapid pace.
- There is an expectation of exponential growth in the EV/hybrid sector, with possibly upwards of 200,000 EVs in Tennessee by 2028, which creates a challenge for TDOT's ability to build and maintain transportation infrastructure. These vehicles cause just as much, if not more wear and tear to our roads as they weigh, on average, 800 pounds more than the average combustion engine vehicle (Source: EPA).
- To ensure the state can build and maintain roads, there must be parity between what the drivers of combustible engine vehicles and EVs/Hybrids are paying into the state highway fund. The Transportation Modernization Act proposes to raise the EV registration fee to \$200 with a gradual increase to reach \$274 for parity in the next four years, then increased to Chain-CPI annually (approximately 3%). It also proposes a \$100 registration fee for hybrids, indexed alongside the EV fee. These fees will also be shared with local governments, just like the gas tax. To protect Tennesseans, the proposal also ensures any subsequently-enacted federal EV fee will be subtracted from the state proposed EV fee.



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