



Transportation Funding Solutions:

Raising Awareness, Raising Revenue



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Webinar Agenda

- The Role of the Legislature, *Senator Crighton*
- Mass Taxpayers Foundation Presentation
- Mass Taxpayers Foundation and MAPC Discussion of Transportation Revenue Needs
- MAPC Transportation Revenue Recommendations



About MTF

Founded in 1932, the Massachusetts Taxpayers Foundation (MTF) is a non-profit, non-partisan public policy organization focused on state and local fiscal, tax and economic policies.

MTF's record of high quality research and non-partisan analysis has earned the organization broad credibility on Beacon Hill and across the Commonwealth.

Our mission is to provide accurate, unbiased research with thoughtful recommendations that strengthen the state's finances and economy to foster the long-term well-being of the Commonwealth and economic opportunity for all.



Outline

I. Competitiveness & Transportation

II. Where We've Been

III. Where We Are

IV. Where We're Going

Research Spotlight: Competitiveness Index

The purpose of the index is to assess **what we do well, and we don't**, and to **benchmark that data** against competitors and ourselves to **inform policy decisions**.



Key Questions

- 1. For what are we competing?**
People, Businesses, & Investment
- 2. On what are we competing?**
Economic Health
Population & Labor Force
Business, Employment, & Investment Factors
Resident Life
- 3. Who are we competing with?**
Economic & Regional Competitors

Competitiveness in the Spotlight

Everyone is talking about competitiveness, but there is little consensus on what competitiveness is and how to measure it.



Deciding on a place to call home can be a tough process. You'll need to balance things like the cost of living with job opportunities, quality of education and safety. Personal preference also comes into the equation, as you'll want to live somewhere with the types of attractions, recreational opportunities and weather that suit you. Fortunately, there are 50 states to choose from, from frigid Alaska to sunny Florida. Each has its own benefits and drawbacks.

Some states clearly outshine others in various categories. To identify the best states to live in, WalletHub compared the 50 states based on 51 key indicators of livability. They range from housing costs and income growth to the education rate and quality of hospitals.



To rank America's Top States for Business in 2024, CNBC scored all 50 states on 128 metrics in 10 broad categories of competitiveness. Each category is weighted based on how frequently states use them as a selling point in economic development marketing materials. That way, our study ranks the states based on the attributes they use to sell themselves.

We developed our criteria and metrics in consultation with a diverse array of business and policy experts, and the states. Our study is not an opinion survey. We use data from a variety of sources to measure the states' performance. Under our [methodology](#), states can earn a maximum of 2,500 points. The states with the most are [America's Top States for Business](#).

Biggest Competitive Strengths

Metric	National Rank	Economic Competitor Rank
Population 25 Years and Over with a BA or More	1	1
Education Scores	1	1
Average Weekly Wage	1	1
Gross State Product Per Capita	2	2
R&D Funding as Share of Gross State Product	2	1
International Migration	2	2
Life Expectancy at Birth	4	1

Biggest Competitive Weaknesses

Metric	National Rank	Economic Competitor Rank
Labor Force Growth/Decline	48	6
Income Inequality	48	5
Energy Cost	48	5
Cost of Living	47	5
Commute Time	47	5
Childcare Costs	47	6
Tax Collections Per Capita	46	4
Housing Cost Burden	45	3
Domestic Migration	45	4
Average UI Tax Amount Per Covered Employee	43	6

Transportation & Competitiveness

Commute Time

MA ranks 47th in the country for its commute time.

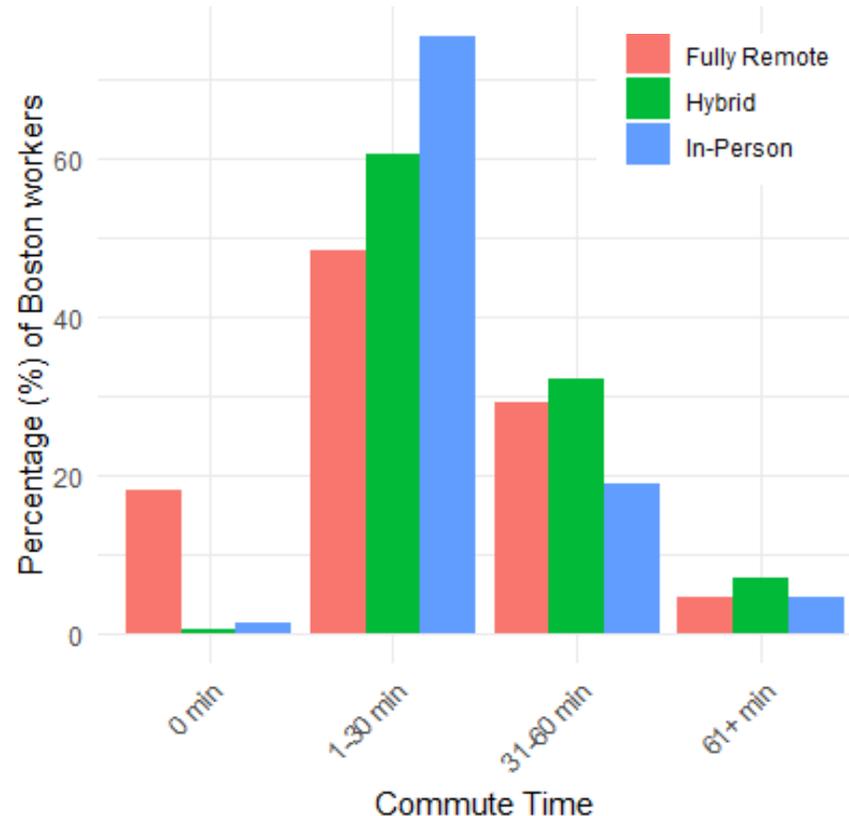
- In MA, commute time is primarily a function of traffic, Boston ranks as having the 8th worst traffic in the world.
- While not a financial metric, traffic adds to the weight of evidence that MA is a costly state for residents in time and money.
- While commute time is a major disadvantage for MA nationally and among competitor states, it is worth noting that all competitor states rank in the bottom half nationally.

Competitor Ranking

State	Rank	2022 Value (minutes)	1 Year Change	5 Year Change
NC	27th	25.1	2.5%	0.8%
TX	38th	26.7	3.1%	0.8%
FL	44th	28.0	3.3%	0.7%
CA	46th	28.3	2.5%	-5.0%
MA	47th	28.6	4.0%	-4.0%
NY	50th	33.0	5.1%	-2.1%

Commute Time is Critical

Commute Times in the Boston Region by Fully Remote/Hybrid/In-Person Work Status



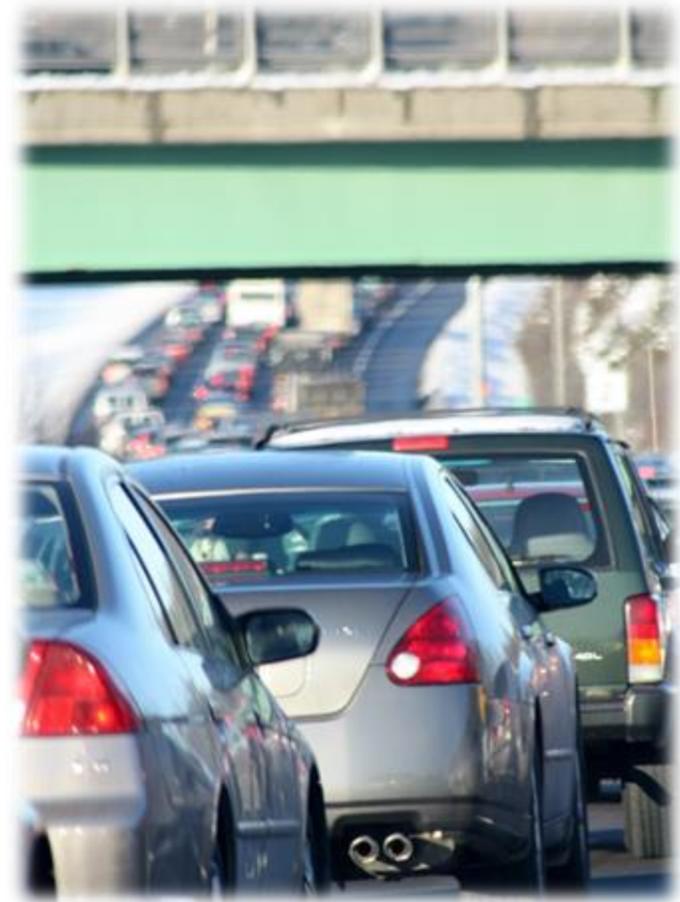
- Data from the U.S. Survey of Working Arrangements and Attitudes (SWAA) indicates that each additional 12 minutes of commute time in the Boston Region is correlated with one less in-office workday.
- Whether remote workers choose to live farther from their workplace or whether people who live farther from their workplaces choose to work remotely, the result is the same: **Longer commutes result in fewer in-office days.**

The fact that remote workers live farther from their jobs and more people than ever are working remotely has significant implications for downtown vibrancy.

Many Workers in the Boston Region Have Long Commutes

The Impact of Congestion Delay for Road Commuters

- The Inrix 2023 Global Traffic Scorecard ranks Boston 8th out of nearly 950 urban areas analyzed worldwide for hours of congestion delay, and 4th among U.S. cities.
- In 2023, Boston drivers lost an average of 88 hours per driver per year to congestion delay, an increase of 14% over the region's 2022 delay of 77 hours.
- Eighty-eight hours is a little over 20 minutes per working day, which implies **about 1.6 days per week worked from home due to congestion** that otherwise would be worked in person.



Many Workers in the Boston Region Have Long Commutes

36% of workers in the Boston MSA have a one-way commute of **30-59 minutes**



12% have a one-way commute of **60 minutes or more.**



Nearly **HALF** of Boston area workers **commute 30 minutes** or more each way

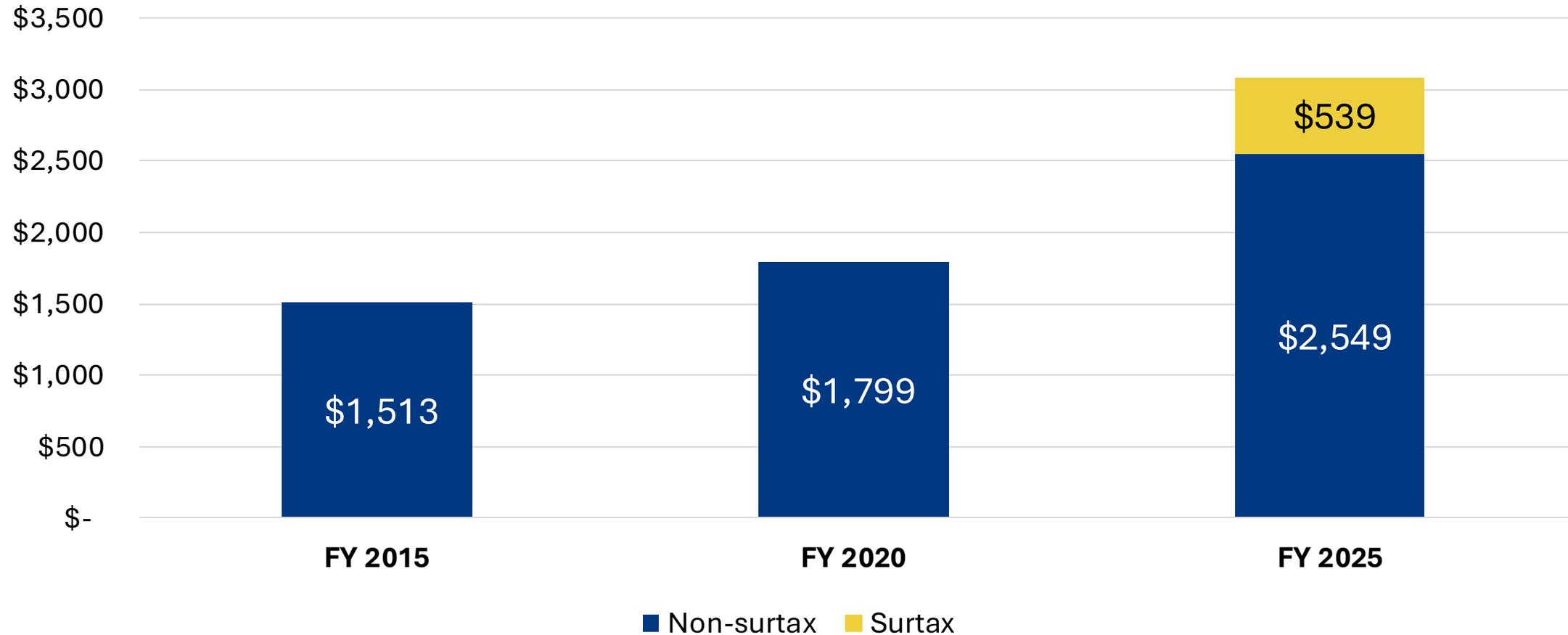


The inter-related issues of housing and transportation are the main contributors to lengthy commutes.

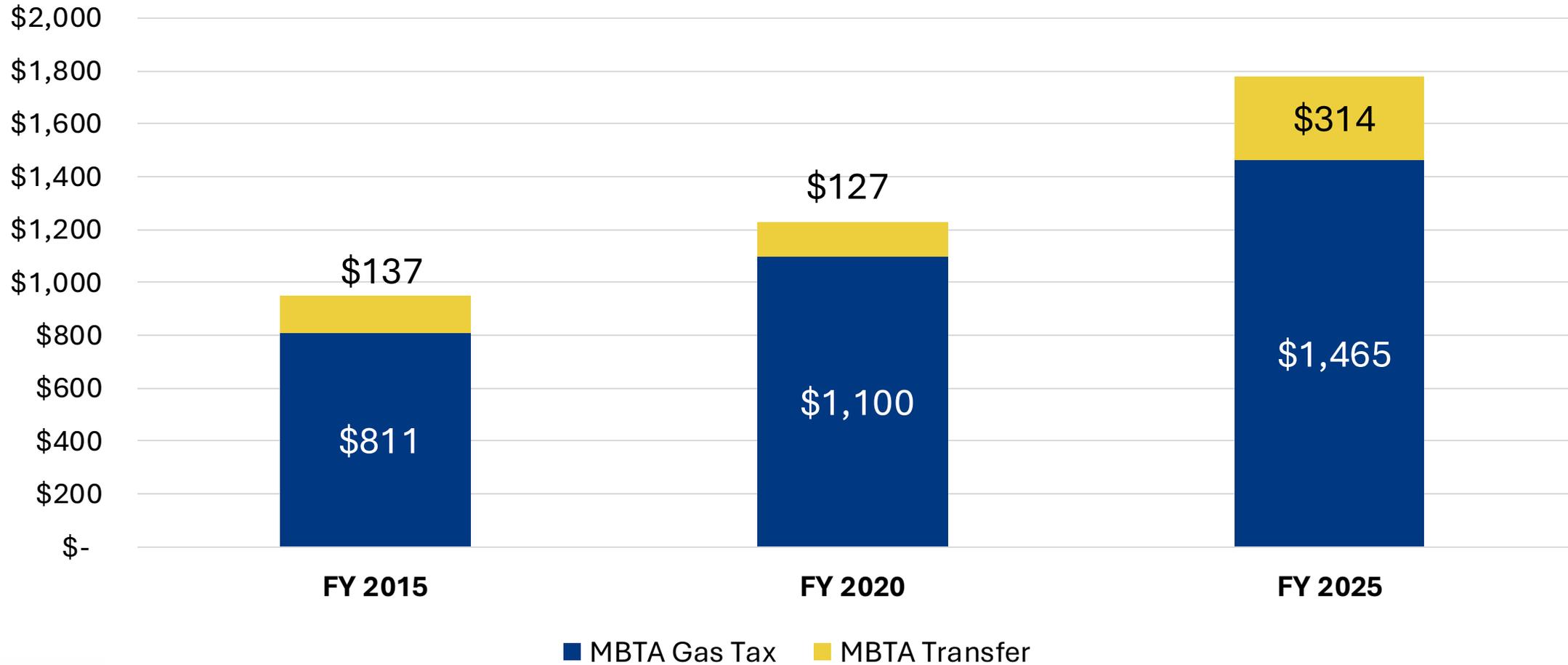


Where We've Been

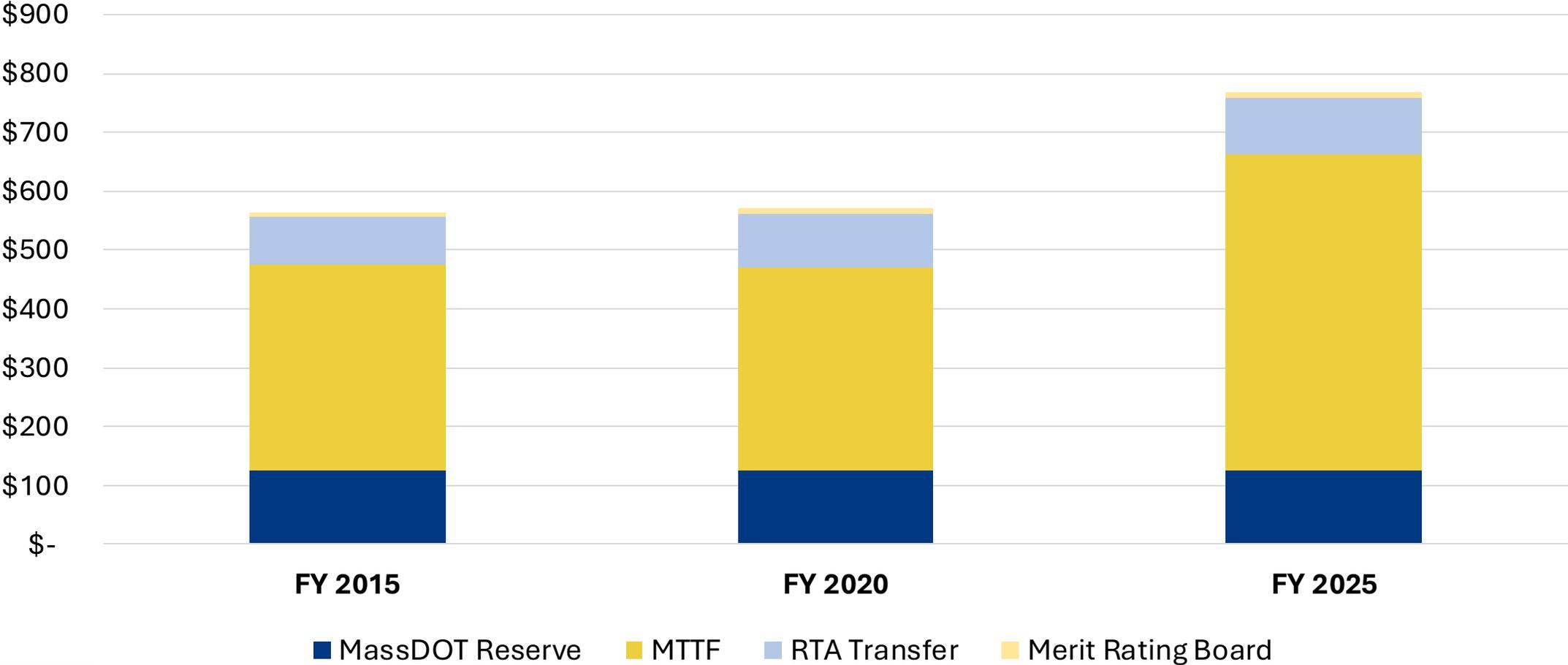
GAA Transportation Spending Since FY 2015



MBTA Non-Surtax Growth Since FY 2015



Other Non-Surtax Transportation Spending



Change in Transportation Spending

	FY 2015	FY 2020	CAGR v. FY 2015	FY 2025	% Change v. FY 2020
MBTA Sales Tax	\$811	\$1,100	6.3%	\$1,465.4	5.9%
Other MBTA	\$137	\$125	-1.8%	\$314.3	20.3%
MassDOT	\$485	\$481	-0.2%	\$675.3	7.0%
RTA's	\$80	\$91	2.5%	\$94.0	0.8%
Non-surtax total	\$1,512.6	\$1,796.5	3.5%	\$2,549.0	7.2%
Surtax MBTA				\$261.0	
Surtax MassDOT				\$168.0	
Surtax RTA				\$110.0	
Total	\$1,512.6	\$1,796.5	3.5%	\$3,088.0	11.4%



Where We Are

The MBTA Workforce Crisis

FY 2024 MBTA Headcount Budget:	7,591	Shortfall as % of Goal
FY 2023 Shortfall	-1,589	-20.9%
FY 2022 Shortfall	-2,003	-26.4%
FY 2021 Shortfall	-2,054	-27.1%
FY 2020 Shortfall	-1,890	-24.9%
FY 2019 Shortfall	-1,968	-25.9%

MBTA Budget Gaps – FY 2025

FY 2025 Gap	-\$670.0
MBTA Reserves	\$307.0
Federal Flex Funds	\$191.0
Surtax	\$200.5
<i>Contract Assistance</i>	\$127.0
<i>Means Tested Fares</i>	\$20.0
<i>Workforce reserve & academy</i>	\$46.0
<i>Ferry Service</i>	\$7.5
Remaining surplus/shortfall	\$28.5

FY 2026 & FY 2027 Projected Budget Gaps

	FY 2026	FY 2027
Gap	-\$696	-\$740
MBTA Reserves	\$0.0	\$0.0
Federal Funds	\$0.0	\$0.0
Surtax	\$127.0	\$127.0
<i>Remaining Shortfall</i>	-\$569	-\$613



Where We're Going

Transportation Funding Task Force

Governor Healey announced the creation Transportation Funding Task Force as part of her 2024 State of the State

- Charge of the task force: *advising the Governor on and making recommendations for a long-term, sustainable transportation finance plan that addresses the need for a safe, reliable, and efficient transportation system, including roadways, bridges, railways, and bus and transit systems.*
- Approximately **30 members** from a range of backgrounds and perspectives
- Full group **meets each month**, with additional topic specific focus groups
- **Final report due at the end of the year**



Immediate Priorities

As long-term financing strategies are developed, there are several clear areas for immediate action:

1. Address MBTA and other transportation **operating shortfalls in FY 2026 and FY 2027** now:
 - Provide resources to continue workforce, safety and reliability
 - Provide budget certainty
2. Develop a clear and effective **transportation surtax strategy**:
 - Devote 50 percent of income surtax resources to transportation
 - Develop clear strategy for transportation use of surtax operating funds
 - Use surplus surtax resources to augment transportation capital plan
3. Use Stabilization Fund interest effectively to **pursue competitive federal infrastructure opportunities** and otherwise support capital spending needs.

Transportation Revenue Conversation



Lizzi Weyant
MAPC Deputy Executive Director



Doug Howgate
Mass Taxpayers Foundation President



MAPC Transportation Principles

- Transportation revenue should further equity goals.
- Transportation revenue should be aligned with climate goals.
- A combination of small, medium, and large revenue raising mechanisms at the municipal, regional, and state levels are needed.
- Cities and towns should play a larger role in both influencing travel behavior and advancing transportation infrastructure projects.



Empowering municipal leadership

- Commercial Parking Taxes (see MAPC policy brief)
- Regional Ballot Initiatives
- Value Capture Tools
- Regional Mitigation Funds



Legislative Action

- TNC Fees (see MAPC policy brief)
- Retail Delivery Fees (see MAPC policy brief)
- Dynamic Road Pricing
- Expand Employer Commuter Benefits
- Vehicle Miles Traveled Fee
- Gas Tax Increases
- Automatic Traffic Enforcement
- Close the Airplane Sales Tax Loophole
- Increase Jet Fuel and Aviation Fuel Taxes
- Implement an Ecommerce Fee
- Increase sales tax amount dedicated to the MBTA



Administrative Actions

- Vehicle Registration Fee Increases
- Expansion of Tolling
- User Fee Increases
- MBTA assessments



Allow cities and towns to tax private parking facilities

- U.S. cities that impose sales taxes at privately owned parking facilities available to the public include New York (10.375% tax rate), Seattle (14.5%), Chicago (22%), San Francisco (25%), and Pittsburgh (37.5%)
- Cities and towns in Massachusetts are limited in their ability to levy parking taxes



Implement a fee structure for retail deliveries

- Colorado (\$0.27/order) and Minnesota (\$0.50/order) have implemented retail delivery fees
- MAPC estimated potential revenue if a retail delivery fee were enacted in Massachusetts (assuming revenue from approximately 385 million deliveries in MA, based upon per-capita delivery numbers from CO)



Increase Transportation Network Company (TNC) surcharges

- Massachusetts currently assesses TNC fees at a flat rate of \$0.20/trip, raising \$90 million from 2017-2023
- Other states and cities have flat rates ranging from \$0.10-\$3.00/trip, or percentage assessments of the rider's total fare up to 11.875% (New York City)
- A 6.25% assessment would generate \$120-\$140 million in annual revenue.



Questions?

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Full list of MAPC Transportation Finance Recommendations and Policy Briefs:

www.mapc.org/resource-library/transportation-funding-opportunities



MAPC Resources

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