

## VIDEO & TRANSCRIPT OF HOUSE FINANCE, WAYS & MEANS COMMITTEE - HB321

March 21, 2023 | 3:00 p.m.

Speaker 1 ([00:01](#)):

We are back on item five since the deputy governor slash commissioner just walked in the room. He is in the building. Yes. Chairman Howell, we have a motion and a second. So moved all. We have a motion. And second on the bill. Do we need to put the amendment on before describing the bill or because it does, amendment

Speaker 2 ([00:27](#)):

Makes

Speaker 1 ([00:27](#)):

The bill. Ma'am? Yes. So the drafting code for the amendment is 5 5 4. Five. Do you have a motion on the amendment? Motion? Motion and a second on the amendment without objection. We are voting on the amendment. All in favor please signify by saying aye. Aye. Any opposed? The ayes have it. Amendment 0 0 5 5 4 5 is now attached to the bill and Chairman Howell, you are recognized.

Speaker 2 ([00:54](#)):

Thank you Madam Chair. The bill before you committee is the Administration's Transportation Modernization Act. At its core, it is a road funding bill, but it does several things and rather than read the entire bill, which will take about 30 minutes, I will just give you the brief highlights and then defer to your questions. As I said, it's a road funding bill and it does give TDOT's the ability to use different methods of to build a project while giving tdot also the authority to examine the possibility to enter into public-private partnerships that would address some of the most congested areas in the state of Tennessee, primarily in our urban areas. This could be addressed by the use of what's called choice lanes and you'll find that in the bill on pages 16 through 23. The bill also expands TDOT's ability to use alternative bills in projects.

([01:57](#)):

It goes from five to 28. That's about a 550% increase in the number of alternative builds they can use in an annual basis. Alternative builds can include the construction manager, general contractor, bills design bill, progressive design bill, which are traditionally used on projects such as I four 40. Some of you remember that when it was built in Nashville, that was an alter alternative bill required a high level of technical complexity and risk management. That's where those alternative builds are normally used. TDOT will continue to use the traditional builds because not all projects require an alternative build and traditional bill has served us very well through the years. The bill creates a \$3 billion transportation modernization fund within the state treasury that's in section 15 of the bill, and that fund is separate from TDOT's regular budget. In addition, the bill allocates 300 million to the already existing state aid fund for county road departments, but the bill also makes it clear that those funds are to be used at the county level for infrastructure only.

([03:15](#)):

Roads, bridges, that type of thing. The funds cannot be diverted by the local governing body for use for any other local project. And what this 300 million amounts to is 15 years of one lump sum payment, 15 years of payment into the state aid fund and it will impact all 95 counties. And I have, if you're interested after the committee or come by my office, I have a printout that will show exactly what each county will receive from this state aid fund. The bill seeks to reduce the average bill time for a major TDO project from 15 years to five years. I think we can all support that. The bill addresses serious

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congestion concerns in the four major urban areas through P three projects. And there are P three projects that are approved for use in 30 states that we know of. Some of 'em close to us would be Texas, Florida, Georgia, North Carolina.

(04:18):

And it also addresses the need for more funding through the Transportation Modernization Fund, which is over and above TDOT's normal budget that is generated through the gas tax. That annual budget is about 1.2 billion from maintenance and new construction. The bill also addresses the need to capture revenue from the growing number of electric vehicles in the state of Tennessee, which use our roads but don't buy gas so they're not paying for the use of our roads. It sets a registration fee that is graduated in over three years and it tops out at \$274 in the fourth year, which is according to the UT research is parity with what the average person pays in gas tax. Who drives a combustion engine. By the way, that research was done by the Uni University of Tennessee. That registration fee is divided in the same manner that the gas tax is divided with between local and state government.

(05:21):

The hybrid vehicle registration fee will be set at \$100 and we'll also start indexing along with the EV fees in the fourth year. And this is a generational shift in the way we are funding our roads in Tennessee, building our infrastructure. And in all the research that I have done and others agree with me, this is a good plan and I think the only other plan is to double our gas tax from 26 to 50 cents a gallon. And I don't think there's any heart to do that. So I think this is a good plan. And the reason I that it's endorsed by the Tennessee Public Transportation Association who has joined us today in the hearing room. The Nashville Metro MPO has overwhelmingly endorsed this plan. Tennessee County Mayor's Association has endorsed it and the County Road Superintendent's Association also. With that Madam Chair, I stand to take any questions?

Speaker 1 (06:19):

Alright, you've heard the sponsor's explanation of the bill and I know most if not all of us have heard a lot about this bill in previous settings, but we want to make sure that we have all the questions answered that we need to have answered here today. And Leader Lamberth, I believe you're the first questioner

Speaker 3 (06:37):

Thank chairman and I just wanted to thank Chairman Howell for carrying this bill. It is a generational change type bill. I mean the amount of work that you put in behind the scenes on this over the last several months to not only focus on different ways to build roads and actually deliver that to the people of Tennessee in a quicker fashion, but just to use surplus dollars to focus on true hard infrastructure. Everything about this bill that works together is going to make sure that Tennessee's tomorrows are certainly brighter than are yesterday's end today. And so Mr. Chairman, I just wanted to say thank you for carrying the bill. You have put in just an enormous amount of work and just wanted to publicly say thanks.

Speaker 2 (07:16):

Thank you.

Speaker 1 (07:18):

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I think that deserves an attaboy from the rest of this committee. So

Speaker 2 ([07:21](#)):

Mad chair, if I may.

Speaker 1 ([07:28](#)):

Certainly,

Speaker 2 ([07:29](#)):

It is truly a team effort. I have to give credit to the Department of Transportation, their team Commissioner Eley and his team transportation committee that I chair it. It's been overwhelming support for this and I think they've done a good job of grasping what we're trying to do here to change the direction of how we fund our infrastructure in Tennessee. So it's a team effort and I'm glad to be a part of it.

Speaker 1 ([07:53](#)):

Representative Miller, you're recognized.

Speaker 4 ([07:56](#)):

Thank you Madam Chair lady. Thank you. Mr. Chairman, if I'm reading the correct amendment, 54 dash two dash two one, that's where each of the four regions will receive 750 million in. Yes. This comes as a funded mandate. And then the \$300 million, is it the 750 million that comes with restrictions or is it the 300 million that comes with the restrictions?

Speaker 2 ([08:36](#)):

Well, in essence they both, sorry,

Speaker 1 ([08:39](#)):

Chairman

Speaker 2 ([08:39](#)):

Howell, in essence, they both do. The bill spells out that the 300 million going to the counties can only be used for infrastructure. But the 3 billion it spells out, if I can find it, you right, I believe it's on page 11. Okay. It says the fund may be used for the following purposes to fund strategic transportation initiatives, including but not limited to congestion mitigation, which is what we're really crying trying to do, make our roads safer in Nashville, Knoxville, Memphis, those areas, rural interstate widening, which is in desperate need and the accelerated delivery of strategic transportation improvements over and above the transportation improvement program, generally supported by the state highway funds. So they're both in a sense, they're both restricted on what they can use.

Speaker 1 ([09:30](#)):

Representative Miller,

Speaker 4 ([09:31](#)):

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Thank you ma'am. Chair Elliot. And under the \$300 million will be sort of like grants. Will each county have to apply for these grants or will they receive 'em automatically?

Speaker 1 ([09:45](#)):

Chairman Howell,

Speaker 2 ([09:47](#)):

To clarify, you're talking about the 300 million? Yes. Yes. This is a part of the existing state aid fund, which every county applies for and has for a number of years. And traditionally I think the state funds that at the rate of about 21 million a year, which by the time it gets down to my county, Polk County or me county, they might get a half million dollars a year out of that. We're talking about 15 years of funding in one lump sum going to the county road departments. They can pave a lot of roads in your county with that kind of money. I think the average, I asked one superintendent what the average cost per mile in a county road? He said it's around \$75,000. So we're talking about anywhere from 2.5, 2.8 to as high as 14 million. Okay. In Memphis you can pav a lot of county roads with that.

Speaker 4 ([10:42](#)):

Thank you Mr. Chairman. Thank you Madam Chair Later.

Speaker 1 ([10:46](#)):

Thank you. AR there Representative McKenzie.

Speaker 5 ([10:52](#)):

Thank you Madam Chair. And to the sponsor, I was hearing you talk about the new fee tax, whatever on the e vehicles, which I do agree a hundred dollars is definitely not enough for a fully electrical vehicle operating on the roads. And I also agree that if it's \$274 what the gas or diesel tax is, I agree that the e vehicle should pay that their fair share. I guess my question is why not? Since we're doing this wholesale change here, because that \$274 will be indexed to inflation, like the a hundred dollars for the hybrid. Why not index the diesel and gas fees similarly that way we're growing the pot and we're making sure that our roads are being cared for with inflation.

Speaker 1 ([11:55](#)):

Chairman Howell?

Speaker 2 ([11:56](#)):

Well, I don't disagree with you representative, but if you recall in 2017 we tried that and had we indexed in that bill it wouldn't have passed. So this is what was agreed to, and it's written in such a way that it doesn't encumber a future legislature from indexing the gas tax. That might come at some point in the future, but there was no stomach for that in 2017.

Speaker 1 ([12:24](#)):

Representative McKenzie.

Speaker 5 ([12:26](#)):

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Thank you ma'am. Check wasn't here in 2017 and I, I'm sensing that this will be a great opportunity. We're going to swing for the fence. I, I'll say, let's go ahead. Honestly, and I definitely understand the rationale, disagree with it a bit because I really think now is the time. Now is the time for us to this nickel and diamond and back and forth. I don't know what the general Assembly's posture is on it, but at the end of the day, these are some significant funds that we're expending because of our stewardship, because of our surplus and as a leader said earlier, but it's also a time for us to really make some tough decisions that's going to benefit generationally. And I do think just tying it, just tying that index like you all wisely did with the e vehicles and the HI hybrid vehicles. Now will be a great time to do that. But thank you for bringing the bill.

Speaker 1 ([13:29](#)):

Chairman Howell.

Speaker 2 ([13:30](#)):

Thank you Madam Chair. I like your passion representative Mackenzie. I agree with your passion and I think that there may come a point, I may not be here when that happens, but there may come a point in time when the legislature may look at that because we are existing now under a revenue stream that is not sustainable because of the growth in electric vehicles, the growth of our population, the demand for our roads and various other things that are happening with the gas tax. We're seeing that right now compared to last year, we are 4 million lower than we were this time last year. So there may come a time in the future when the legislature will decide that it's something that needs to be indexed. But we did this because at this point we have, well, when we passed the Improve Act, there were 17, 1500 EVs in Tennessee, now there's 16,000. So this was a good time to, as you say, make the hard decisions and it was decided to index that registration fee. So

Speaker 1 ([14:50](#)):

Leader

Speaker 6 ([14:50](#)):

Camper. Thank you Madam Chair. Mr. Chairman, could we talk a little bit about the Choice Lanes? Sure. And could you explain for the record how this would work? I've consulted with someone who have these lanes in their area, like in Atlanta and Dallas, like you mentioned before, how would the rate work for high traffic time? You know, go in, it may be \$3 I guess, and it could go up to five or six or \$7. Could you explain for the record how that would work? Chairman, how

Speaker 2 ([15:33](#)):

Thank you. Yes. These are, as you said, choice lanes. People have a choice. We are not reducing the number of general purpose lanes. We're adding choice lanes to what we already have. And statistics show that between 30 and 40% of the drivers choose to use the choice lanes and pay the fee. So what that impact does is reduce the traffic on the general purpose lane. So everybody benefits, but these are not just choice lanes, but they're also managed lanes, much like airlines manage their airplane tickets. If they have a full plane and they have two seats left, you'll notice that the ticket ticket goes up the way. We haven't done it yet, but the way I've seen other states do it is when traffic gets heavy, they increase the fee in order to reduce the traffic in order to guarantee a rate of speed, say 55, 60 miles an hour on that stretch of Broadway. Because many states do guarantee a speed, the only way they can do that is

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by managing the fee that they pay to keep other traffic on the general purpose lanes. And those fees are posted before you enter that lane. You look up and you know exactly what you're going to pay when you get in there.

Speaker 6 ([16:51](#)):

Peter Camper. Thank you Madam Chair. Mr. Chairman, this is a major momentous initiative that we're taking right now. Yes. And I know in west Tennessee with Blue Oval City coming that we need to be thinking about how are we going to move all of this traffic in and out of west Tennessee and from Opine and Lake County all the way down to and from Shelby County, from the river, all the way to exit 42. And so it's my belief that, and we could hear from the commissioner if this is true, that there would be some type of comprehensive study where we can look at how do we prepare for what's coming and how this would impact what's and how do we see all of this playing out because we have an opportunity before us right now to do this with this bill. And looking forward to Blue Oval City. Can you talk to, have you had any conversations about how this would affect what we're about to do with Blue over City, the growth in some of the counties roads there? Shelby County

Speaker 1 ([18:15](#)):

Chairman Howell.

Speaker 2 ([18:16](#)):

Thank you Madam Chair. Yes. With respect to Blue Oval, if I recall when we passed the bill for the blue oval, I believe there was 200 million allocated for TDOT to oversee the infrastructure into the Blue Oval City. So that amount is already set aside 200 million as traffic congestion grows with the passage of this bill. As traffic congestion grows, TDOT then will have the ability to look at those areas to see if it would sustain a choice lane. And if it does, then they'd have the ability to enter into a contract to build a choice lane just like they would in Nashville or Knoxville or Chattanooga

Speaker 6 ([19:00](#)):

Leader Camper. One last question, Madam Chair. Another concern that I have is that in this bill and this opportunity, we have not addressed light rail in any major way. And there's concern that with these choice lanes in the easement that it's going to take up, it could affect our ability in the future to in fact have light rail. And so particularly if you think about Middle Tennessee and the growth we have here, and I imagine we've thought about this, but do you have any insights on light rail and what this could do with eating up the easements to put in these choice lanes?

Speaker 1 ([19:49](#)):

Chairman Howell,

Speaker 2 ([19:52](#)):

Thank you and thank you for the question. As you probably are aware, Amtrak has been advocating for their rail service through Nashville, Chattanooga, on down to Atlanta in various areas. There has been a lot of conversation from a certain stakeholder group advocating for Choice Rail. TDOT does have a rail division and I'm sure that they are looking at those possibilities. The thing that I like about this bill, when we put the proposal in here for TDOT to investigate P three s P three investment comes in and spends, let's say a billion dollars to build a choice lane from Murfreesboro to Nashville.

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[\(20:48\)](#):

Typically those roadways or those contracts may be negotiated, could be negotiated as an 80 20 split. So TDOT is able to get a billion dollar road for \$200 million. That's a bargain. And what that does then is free up the arrest of dots funds that they have in their actual budget from the gas tax to address other areas. I would suspect that moving forward as we continue to grow as a state, I read somewhere recently that within a matter of just a few short years, we're going to be the 16th largest state in the country. We will have to continue to address all manner of means to move people from one point to the other. I would would hope that light rail would be a part of that, but this would hopefully free up some TDOT's funds to look at those opportunities.

Speaker 6 [\(21:40\)](#):

Thank you. Madam Chair, Peter Camper. I know I said one last one, but he mentioned the T TDOT and having the ability to do this. So when these contracts are entered into, they don't have to come, do they have to come back before the general assembly for approval? Yes. Or is that left the, we've given autonomy to TDOT to in fact do that.

Speaker 1 [\(22:03\)](#):

Chairman Howell?

Speaker 2 [\(22:04\)](#):

Yes. If you'll look in page to page 12. Page 12, annual report to the General assembly, 52, 54 dash two dash 2 0 2, prior to January 1st, 2004, and prior to each January thereafter, the Department of Transportation shall submit a report to the speakers of the Senate House of Representatives, chair of the Transportation Safety Committee and the Senate and the Chair of Transportation Committee of the House on the status of projects funded by the Transportation Modernization Fund. That's the TMF that we're talking about. So this body still has oversight. They're reporting to us and it goes on in depth. It's quite lengthy. I don't want to bore you, but we do have a lot of oversight and reporting in this bill.

Speaker 6 [\(22:51\)](#):

Thank you Mr. Chair. Ma'am, chair

Speaker 1 [\(22:54\)](#):

Further questions. Chairman Williams,

Speaker 7 [\(22:59\)](#):

I don't have a question, chair Lee, but thank you for the opportunity. Chairman Howell, thank you for this. I do think one of the things we haven't really talked about a whole lot as it relates to this in subcommittee or in this committee, as you know, I'm in the construction business and the delivery method makes a huge impact as it relates to how these monies are spent. The implementation of a design build methodology, which in my line of work can sometimes improve the overall delivery of a project by as much as 60% is dramatic when it comes to finding the relief that 3 billion can give to our communities across the state. So I think it's a really important part of how we do it. Of course, we're putting a lot of trust in our engineering staff and our commissioner as it relates to that, but I do think you can have all the money in the world, but if you can't deploy it currently, we spent take about 12 years to deliver a road in the state of Tennessee. And quite frankly, it's my hope that by putting this

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additional money in this formulary so that we can do it in a different contract way, that we'll be able to relieve our communities from a lot of the stress we see on the interstates and highways today across the state. So I think it's important that we draw attention to that. It is something that we have done in the past, but not a lot of. And so I look forward to seeing how we can get these monies into our communities a lot quicker. Thank you. Thank

Speaker 1 ([24:14](#)):

You. Further questions? I do thank Chairman. I'd like to add my gratitude as mentioned before for the work that you have done in your committee, chairman Whitson and others who have been involved in this on a long-term basis. And I think from the discussion here, we can all recognize that this isn't the end all solution. There are many issues that we will have to continue to address. One of the things we have now, we're going to be getting revenues from electric vehicles that drive on our roads, but only if they're registered in Tennessee. Yes. We haven't figured out a way yet to capture revenue from those people from other states who will be using our roadways. So I think as always, there'll be other opportunities for future legislators and future commissioners to address. But this is going to make a huge difference in Tennessee. It is.

([25:16](#)):

I'm just looking forward to the day that I can get from my house on Signal Mountain to the Cordell Hall building without being blocked at Moccasin Bend or I 59 or any of the other places that are, or normal roadblocks. So a choice lane from Signal Mountain to Nashville. I'm all about it. But with no further questions and no further discussion, we are voting on House Bill 3 21, which truly is a momentous step forward for the state and members. If you are in favor of House Bill 3 21. Moving to calendar and rules, please indicate by saying aye. Aye. Aye. Any opposed? The ayes have it. Chairman Howell, you are moving on to calendar and rules and thank you Mad chair Commissioner, we thank you for being here and being willing to step up, but Chairman Howell did a great presentation and gave you just a minute of quiet rest. But thank you and your team for being here.