

VIDEO & TRANSCRIPT OF HOUSE FINANCE, WAYS, AND MEANS COMMITTEE - SB0273

March 15, 2023 | 8:30 a.m.

Speaker 1: All right. That brings us to item number nine. Item number nine on our calendar. It's going to be House Bill 3 21 by Chairman Howell. You have a motion to second you are recognized, sir, for a brief description.

Speaker 2: Thank you Mr. Chairman. I have a little 36 page bill and I'll do my best to consolidate it as much and keep it as short as possible, but there's a few things that I feel like

[00:00:30]

Speaker 1: Chairman, quick, there is an amendment I think that makes the bill you want. Let's get that amendment on. Then we will turn the floor back over to you. We have a motion? Yes. 5 5 45. That's what I have a motion to second on the amendment. Any discussion on the amendment? Hearing none and seeing none. We're now voting on the amendment. Five. 5 45 onto House Bill 3 21. All those in favor say aye. Aye. All those opposed? No. The ayes have it back on the bill as amended. Now you are recognized, sir. Thank

Speaker 2: You Mr. Chairman. The bill before you is the Administration's Transportation Modernization Act. At its core, it is a road funding bill, but there are other things in there as well. For example, one of the highlights is the expands TDOT's ability to use different methods to build major road projects while giving tdot also the authority to examine the possibility of and enter into contracts with public-private partnerships designed to address the most congested and unsafe areas in our major cities with something we call choice lanes, which are used in several other states. That's found, if you want to read about it, it's good. Late night reading pages 16 through 23. The bill also expands from 5 2 28 the number of alternative bills that TDOT can enter into in one calendar year. Alternative bills, I'll briefly describe that, but if you want to read the descriptions that's on pages one, one through three of the bill.

Speaker 2: Alternative bills can be a CMGC construction manager, general contractor design bill, progressive design bill. These bills are traditionally used on projects with a high level of technical complexity or risk high risk management. An example of that would be the recently completed I four 40 here in Nashville. It was a very complex situation, as many of you know, I believe the contractor had to actually build a special piece of very expensive equipment to load some of the beams onto the bridges in order to prevent closing down traffic on four 40, which would've been a nightmare. And because of that alternative bill I four 40 came in on budget in several weeks ahead of schedule. So it was a good thing. However, TDOT will continue to use the traditional bills as they've done for decades because not every requires high complexity or risk management. Now that the good part, the bill creates a \$3 billion transportation modernization fund within the state treasury that's found in Section 15.

Speaker 2: It's also a separate fund from the TDOT's regular budget. In addition, the bill allocates 300 million to the existing state aid fund for county road departments. And I've got a list here if you're interested in seeing me after committee, I can tell you exactly what your county road department will receive from these funds. And it's substantial and it makes it clear that these funds must be used for infrastructure and not diverted, cannot be diverted by local governments for used in for use in other projects within that

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- [00:04:00] county. This amounts to the 300 million amounts to 15 years of state aid funding in one lump sum. It's a substantial amount. And trust me, the road superintendents in Tennessee are ecstatic about this. I've gotten calls about every day about it. Every impact, every county in Tennessee will be impacted by this project, by this bill. The bill seeks to reduce the average bill time for a major TDOT project from 15 years to five years, reducing it by two-thirds.
- Speaker 2: [00:04:30] The bill addresses serious congestion concerns in our major urban areas through the P three projects. P three s are used in at least 30 states in the us. It also addresses the need for more funding through the Transportation Modernization fund that I mentioned, which is over and above TDOT's annual budget of 1.2 billion, which is created from the gas tax. And the bill also addresses the need to capture revenue from electric vehicles. And that fee is divided among local and state government just like the gas tax is. So this is a generational shift in the way we address our infrastructure in Tennessee. And I would ask for passage and be glad to answer any questions that you may have.
- [00:05:00]
- Speaker 1: Alright, thank you Chairman members. You've heard the description of House Bill 3 21. Any discussion? Chairman Williams.
- Speaker 3: [00:05:30] Thank you Chairman. Thank you Chairman Howe for the bill. I just had a couple of quick questions. On the 3 billion divided into four regions, will those, the prioritization of those projects, will they follow the similar format that TDOT's been using as it relates to the expenditure of those funds and the prioritization project?
- Speaker 2: [00:06:00] I believe so, but let me emphasize that the 3 billion is what we call seed money. It starts a whole new fund to fund our infrastructure. And that's another reason that I mentioned that all 95 counties will be touched by this bill, but the 750 million per region is the 3 billion. And that will end up in, I'll give you an example. In Davidson County for example, we have major congestion here. It's, it's really, really bad. The 3 billion can be used to leverage public-private partnerships or investment to build this roadway. That would be a choice lane. And if investors come in and say, yeah, we will fund that, but we require an 80 20 match. So we will be able to take, if it's a billion dollar project, take 200 million out of the 3 billion and we get a billion dollar road for 200 million. And so it's a pretty good deal and that frees up those other funds to spend on widening our interstates. Other address other issues that we have all across rural parts of Tennessee that desperately is in need of infrastructure upgrades. I'm not sure if I answered your question or not. Chairman Williams.
- [00:06:30]
- [00:07:00]
- Speaker 3: [00:07:30] I'm not sure you did either, but I did have a, I'm I'm move on and I'll get back to you because I guess I have a misunderstanding about where the 3 billion was going. And so I'll get with you after the committee. A question, I noticed that there's an annual inflation adjustment on electric vehicles. Yes. That we have in here. The question is, I noticed that for hybrid vehicles it's a hundred dollars flat fee, which is currently what it is, I think. Yes. But is it also a adjusted for inflation so that the discussion will not be, had to have every year

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Speaker 2: For the hybrid vehicles? Yes sir. I do not believe that is adjusted. I don't believe that's index.

Speaker 1: I believe it is.

Speaker 2: Okay. Yep, I do. I mis that part in the bill. I've read this bill four or five times and yeah, I missed after
[00:08:00]

Speaker 1: 2028 is my understanding. I do apologize. There will be,

Speaker 2: Yeah, I can give you that breakdown. Chairman, if you would like on the EVs, on the fees,

Speaker 3: I have the breakdown here as starting at 200 and then increasing into 2 74

Speaker 2: And 2 74. And the hybrid is indexed.

Speaker 3: Right. The only other question I had is on Chairman, I'm sorry.

Speaker 1: No, you go right ahead.

[00:08:30]

Speaker 3: In the original language, it put a cap on the number of design build projects that could happen in any year, fiscal year. The question is, is that in the new language or? Yes, it is. Okay. Yeah.

Speaker 2: The cap went from five, which I believe was passed by Chairman Carr as a pilot program to see if design builds would work for tdot. And I believe that was passed in 2017, I believe. And that cap has been raised to 28, which was a tdot. And the road builders agreed to that number. And we believe that's sufficient.
[00:09:00]

Speaker 1: Okay. Thank you. Thank you. Chairman. Chair, lady Haywood,

Speaker 4: A couple of clarifications. One on the hybrid, I think right now hybrids, there is not a fee. There will be a hundred dollars fee or is there a fee currently?

Speaker 2: I believe it's \$100

Speaker 4: Currently. Okay. I

Speaker 2: Believe there is.

[00:09:30]

Speaker 4: Yeah. And then the state aid money that we're talking about, the 300 million, that is I believe in addition to the regular portionment that would normally be in the budget. So it's actually 300 million plus. Yes. The an annual regular apportionment

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Speaker 1: You recognize, sir? The

Speaker 2: State aid fund is normally, as you would know, since your own finance is normally
[00:10:00] budgeted at about 21 million a year, which for small rural counties, they have to save up
their allotment over a five to six year period to do any kind of major road work. So this
puts about 15 years worth of state aid funding in one lump sum. So I had one of the
rural counties in my district, the road superintendent talked to me Friday at a public
forum that we had on this bill and he was so excited. He said, are you sure this is going
[00:10:30] to pass? And I said, well, I think it is. He said, well, I'm gambling on you. I said, what do
you mean? He said, I've already bet that it's going to pass. And I've already led contracts
for 20 miles of roads in my county. I said, you must be a gambler at heart. I'm not, but I
believe it's going to pass.

Speaker 1: Chair Lady Haywood.

Speaker 4: Just a clarification. I did check in there currently is not a hybrid fee. There will be. Okay.
That will be a new fee. So unspoken, I think everybody needs to just be clear on that

[00:11:00]

Speaker 1: Further discussion. Question has withdraw. Leader camper. Leader camper.

Speaker 5: Thank you Mr. Chairman. Yeah, Mr. Chairman, we know that what you said, 35 pages,
this is a momentous bill. It's a monumental effort. And I appreciate the chairman for
[00:11:30] withdrawing his question. We get on the floor and have to ask these questions and then
we sure don't get the full opportunity sometimes. So thank

Speaker 1: You Ms. Chairman, let's stick on the bill.

Speaker 5: Please. Yes, Mr. Chairman. So chairman, as I was saying this, this is a momentous
[00:12:00] opportunity for the state. I think that the governor and TDOT looking at what's
happening with congestion, what's happening in our rural areas, what's happening that
we did need to do something. And so we understand that this is what he's trying to do
to address all of the issues. And I feel like with West Tennessee, in particular with Ville
City coming, that we have to be doing something. So I agree that the state really need to
be addressing these issues. I want to make sure I heard you correct with respect to the
[00:12:30] design build provisions in the build where we said we were lifting the cap before it was
five. And I know it was concerned back then about safety and all of that. So if you can
address the safety concerns people had as to why we feel it's okay to lift this cap. And
then I can't remember what you said we lifted to, did we just get rid of it all together or
is there a number on it? There

Speaker 2: Is chairman now there is a number. It went from five to

[00:13:00]

Speaker 5: 28 28. Okay. And

Speaker 2: Yes, I'm sorry. And as I mentioned, these traditional, traditionally these projects, if it's a

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[00:13:30] alternative build, are used in areas where there's a high risk, a higher risk. So it increases safety when you use this kind of build just like it did on four 40. And many instances, we find that it increases, the completion time not increases, but it decreases the completion time, which in effect saves the taxpayer money. And we found that in several cases with the pilot program that we ran in 2017 later.

Speaker 5: Thank you, Mr. Chairman. I agree that we feel like it take 15 years to get a road bill, so I appreciate the fact that we, we've done that and we've able to get projects finished sooner, faster, quicker. So with the safety measures, so I appreciate that. Secondly, on [00:14:00] the 300 million that the chairman was asking about earlier is two sets. One is the 300 million that'll be divided equally amongst all the regions. And those funds would be directed in coordination with the local and the TDOT region on what projects they can use for those funds. Correct. So how would those funds be suspended? Chairman, [00:14:30]

Speaker 2: How, just for clarification, you're talking about the 300 million for the state eight funds, is that

Speaker 5: Yes. The other one is 3 billion. You're right, that one's

Speaker 2: 3 billion. Yeah. Yeah. The 300 million is 15 years worth of state aid money and one lump sum going to the County road department. So for example, I can give you an example. Shelby County, I believe a little bit about Shelby County. Yes. Shelby County would be receiving out of the state aid funds. I had it right here just a moment ago. \$14,259,000 [00:15:00] in state ed funds that will pay a lot of county roads. I checked recently in the last few days, the average construction, average construction cost for a county road is about \$75,000 per mile. So without amount of money, they should be able to pay a lot of roads in Shelby County.

[00:15:30] Speaker 5: Thank you. And lastly, Mr. Chairman, the 3 billion would is the one that'll be equally divided amongst the

Speaker 2: Four regions? The four regions,

Speaker 5: Yes. And so could some of those funds also go to help just remove stuff that's already on the wait list that they've been trying to

[00:16:00] Speaker 2: Those funds? What the 3 billion can be used for? Let's see, TMF Fund, let me see. I thought you okay. I'm not sure I can find it real quickly, but it does designate in the bill [00:16:30] what those funds can be used for.

Speaker 5: That's okay. I, I'll get it and I'll glad you gave us the patient's numbers at the beginning. I just didn't write it down. I can give you that

Speaker 2: Information.

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Speaker 5: Okay. Thank you. All right Mr. Chairman. Thank you. I appreciate it. Thank

Speaker 1: You. Later further discussion, chairman Whitson.

Speaker 6: Thank you Mr. Chairman. Just a quick statement, chairman, how I appreciate your leadership on this project and for members, this is a funding source for our rural interstates. There's no other potential for that right now. TDOT's limited to about \$500,000 a year for maintenance and new construction. It's my understanding and I think the question was asked before Leader Camper, can some of these funds used be used for the Improve ACT projects? And the answer I got was yes. Just again, we've said from the beginning we have a 1968 interstate system in Tennessee with a 2023 population and I see this as a way forward for safety and also sustaining our economy in Tennessee. And thank you Chairman Howell.

[00:17:00]

Speaker 2: Thank

Speaker 1: You. Chairman Whitten the

[00:17:30]

Speaker 2: Chairman. Chairman, how chairman is correct. That is one of the things in the definition of what the funds can be used for. It can be used to mitigate some of the improve Act projects. Inflation has eaten up that seven and a half cent tax that was passed in 2017. So there are several things that it says the funds can be used for, but it will definitely be used to leverage the investment from the private contractors that come in and in investors to build our choice lanes.

[00:18:00]

Speaker 1: Thank you. Chairman Howell? Chairman Hawk.

Speaker 7: Thank you Mr. Chairman. Chairman Howell, is there still money in there for the naming of the road for the representative? Senator Congressman Tim Burch Highway?

Speaker 2: Is that, I believe that's a separate addendum to this bill.

Speaker 7: That's a separate bill. I believe so. Okay. I thought that might be in there. We will welcome Congressman Tim Burch to the room. So hello Tim.

[00:18:30]

Speaker 1: Let's do Welcome to Congressman further discussion on House Bill 3 21, hearing none and sing none. We're now voting on house Bill 3 21. Moving on to full finance. All those in favor say aye. Aye. All those opposed? No, the ayes do have it. And House Bill 3 21 moves on to full finance. Thank you, chairman.