



Transportation Funding and Development

2020

As an organization, we are committed to advancing North Central Massachusetts by promoting and leveraging **economic competitiveness** with our state, region, and nation; advocating on behalf of **small businesses**; and asserting our role as the Commonwealth's hub of **manufacturing**. For this reason, we have taken the following position regarding proposals to improve the Commonwealth's transportation systems.

This document is intended to serve as guidance for the Chamber's government affairs efforts. Adjustments and additions to these policies will be made as necessary. Approved by the Government Affairs Committee and Board of Directors on January 16, 2020.

Please contact Christopher McDermott at 978.353.7600 ext. 224 with any questions you may have regarding these positions.

Introduction

The Route 2 corridor is poised to be the next area of growth in Massachusetts. However, the region will be unable to expand its residential, commercial, or industrial tax bases without transportation infrastructure improvements. In recent years, it has become clear that this is an issue across the Commonwealth. With key bridges to the Cape deemed structurally unsound, Boston's woefully outdated subway system growing less reliable by the month, and communities throughout Massachusetts plagued by crumbling thoroughfares and erratic rail service, any solution the State House proposes will need to be multifaceted in its approach.

As the debate around this pressing issue takes shape, ensuring accountability and regional equity will require a concerted effort. Significant attention will not only need to be paid to how funds are expended, but to how they are raised as well. Structural reforms will also need to be implemented to avoid a return to the transit system's present state of disrepair. For that reason, the Chamber has developed the following platform regarding North Central Massachusetts' transit priorities and delineating its position on the numerous financing mechanisms and reforms that have been proposed.

Reforms

While steps are now being taken to address the Commonwealth's longstanding transit issues, many have arisen from years of mismanagement and neglect. Moreover, as the Commission on the Future of Transportation's report pointed out, technological advances and climate change are likely to render current methods of management irrelevant in the years to come. For that reason, steps must be taken which ensure the state's resources are spent in a responsible fashion before any funds can be raised or invested. (Commission on the Future of Transportation in the Commonwealth, 2018)

Accountability

First and foremost, revenues raised in connection with the transportation system's modernization should be restricted to that purpose. Directing these monies towards special purpose accounts- as opposed to the Commonwealth's general fund- is the best way of ensuring this is done. Even after initial projects have been completed, some accounts should be maintained to ensure that funding is available to conduct regular maintenance- avoiding the backlog of deferred projects which currently plagues the state.

Sustainability

The Massachusetts Department of Transportation (MassDOT) and its subsidiary departments should develop procedures to plan for and build capacity to address the transit systems ongoing maintenance. This should be a continuous effort, conducted at regular intervals to ensure that the Commonwealth's roads and rail lines do not fall back into their current state of dilapidation. Beyond the need for basic upkeep, this process should also account for technological advances and the impacts of climate change whenever possible.

Management

Any effort to reduce congestion will rely heavily on the Commonwealth's rail system. As the Commission on the Future of Transportation pointed out, the T and commuter rail represents a complex transit network with unique needs which require continuous, focused oversight. This is to say nothing of the numerous bus routes and ferries the organization oversees. To that end, we support the institution of a dedicated body similar to the current- but temporary- Fiscal and Management Control Board tasked

with governing the Massachusetts Bay Transit Authority's (MBTA) activity. (Commission on the Future of Transportation in the Commonwealth, 2018)

Funding

Given the challenges discussed above, it is hardly surprising that cost estimates for modernizing the state's transportation system run well into the billions of dollars. As such, it is almost certain that new revenues will be necessary to propel these projects through to completion. Others have recognized this as well, and a significant effort has been made to identify potential funding sources. Since this debate began in earnest last year, a clear set of options have come into focus.

How these improvements are funded is almost as important a decision as which improvements are funded. With that in mind, the Chamber has reviewed these options in an effort to identify those least detrimental to the region and the Commonwealth as a whole. However these improvements are funded, we will work tirelessly to ensure that both costs and benefits are distributed in a nuanced and regionally equitable manner.

Gas Tax

Amongst the funding mechanisms under consideration, an increase to the state's \$0.24 per gallon gas tax has drawn the most attention. Proponents argue this approach represents a broad tax that still ensures that cost of transportation improvements will be born by those who benefit from them. They go on to propose that increased fees at the pump will encourage motorists with long, regular commutes to seek alternative modes of travel or transition to electrical vehicles. The end result would be increased funding for projects coupled with decreased congestion and carbon emissions.

What such proponents fail to realize- or disclose- is that such an approach is fundamentally flawed. To begin, improvements are necessary across the Commonwealth's transportation system, not merely its roadways. To saddle drivers directly with the cost of improving the subway or the commuter rail is inherently unfair, especially when there are insufficient alternative options. The results are regionally inequitable as well, when one considers that communities outside of Route 128 and Interstate 495 are more car dependent than their counterparts in Greater Boston. Lastly, improvements in fuel efficiency and the proliferation of electric vehicles have begun to call the gas tax's reliability as a revenue source into question. For these reasons, the Chamber is staunchly opposed to this proposal and will advocate against its implementation.

Transportation and Climate Initiative (TCI)

Another proposal that has garnered significant attention is the interstate Transportation Climate Initiative (TCI). Modeled after the Regional Greenhouse Gas Initiative, this agreement would theoretically impact the District of Columbia and twelve states along the North Atlantic coast. A "cap and trade" program, it would place a limit- or "cap"- on the amount of emissions fuel sold from gas stations within participating states could produce. This amount would be divided between permits, and the permits sold to fuel distributors in an auction- or "trade". The proceeds from this auction would then be distributed between the participating states and invested in transportation projects aimed at lowering those same emissions. The cap would be reviewed on a regular basis and gradually lowered, reducing emissions ever further. (Murphy, TCI Framework Details Gas Price Impacts, Emissions Cuts, 2019)

Governor Baker has claimed the Commonwealth's participation would not require legislative approval, as the 2008 Global Warming Solutions Act authorized the Executive Branch to pursue interstate, market based approaches to fight climate change. (Murphy, TCI Framework Details Gas Price Impacts, Emissions Cuts, 2019)

Proponents argue that this policy addresses a number of the gas tax's deficiencies while still providing the Commonwealth and other participating states with a vital revenue stream. To begin, they claim that proceeds would remain stable even as technological advances decrease fuel demand, as the decreasing number of permits released for auction each year would drive their price up. Supporters also contend that charging distributors- as opposed to drivers- further capitalizes on market competition by encouraging wholesalers to identify efficiencies which minimize the amount of the charge passed on to gas station operators and consumers. (Metzger, 2019)

The program's interstate character would also bring about significant benefits according to supporters. Unlike a gas tax, which would only be applied to motorists in Massachusetts, the TCI would ensure the state's commercial vehicle fleet and the businesses which depend upon them would not be placed at a disadvantage to competitors in neighboring states. Covering an area that is home to 72 million vehicles, it is argued that coordinating action between the states could magnify their impact, saving up to \$10 billion in public health costs and \$892 million in avoided damages from climate change. (Murphy, Compact Could Add Nickel to 17 Cents to Gallon of Gas, 2019)

Detractors have criticized the Governor's argument regarding legislative approval and disputed the likelihood that fuel wholesalers will absorb the auction's costs themselves. They also doubt the program's cohesion, as New Hampshire's governor has expressed his intention to withdraw from the agreement and Vermont's remains reticent. Furthermore, with transportation emissions already slated to decline by as much as nineteen percent, opponents argue that the program is unnecessary to begin with. (Metzger, 2019)

Though some of the concerns we expressed in relation to the gas tax are present, enough appear to have been addressed that we are open to this initiative. However, enough participants must be brought into the program to affect an actual environmental impact while ensuring that Massachusetts' businesses are not saddled with a competitive disadvantage. Moreover, steps need to be taken to guarantee the program's proceeds are distributed equitably, both between the states and within the Commonwealth.

Still, the emissions reductions which the Initiative's detractors point to are far from certain, and could fall to as low as six percent. Moreover, the program could bring Massachusetts as much as \$500 billion a year, a significant addition given the work ahead. All of this warrants continued attention as the details surrounding the TCI's implementation begin to take shape. (Murphy, TCI Framework Details Gas Price Impacts, Emissions Cuts, 2019)

Congestion Pricing

Anyone who has recently driven to Boston or Cambridge in the morning can attest to the crushing traffic that chokes our highways. This is a problem across the Commonwealth, and there are a number of causes- including the outdated design of our highways and the commuter rail's unreliability. At its root however, the challenge can be summarized as too many cars competing for access to Greater Boston.

This challenge is not unique to the state or even the nation, and solutions have been implemented elsewhere. In their recent series on Greater Boston's traffic issues, the Boston Globe's Spotlight Team explored how London had utilized congestion pricing to solve a similar challenge. High speed cameras were installed at the entry points to the city's financial district, charging a motorist a flat daily fee to enter. At the same time, a new fleet of buses were introduced to offer drivers an alternative, while proceeds from the fee were invested in bicycle lanes and other improvements that reduced motor vehicle traffic. (Spotlight Team, 2019)

Since much of the state's traffic problem can be traced to the daily, inbound commute, implementing a similar system to London's makes sense. The proceeds from the fee could be invested to subsidize increased traffic and reduced fare prices along the commuter rail, thereby providing drivers an easy, affordable alternative. Even as revenue from these fees decreased, with commuters opting for public transit over their private vehicles, proceeds from increased ticket sales would gradually reduce the need for these subsidies.

The Chamber considers this a logical solution to a problem with its epicenter in Boston, that would produce significant regional benefits as well. It would reduce congestion along Route 2, improving mobility across the breadth of North Central Massachusetts. Moreover, increased commuter rail service would strengthen the region's connection to Greater Boston, better enabling our employers to recruit skilled workers who may reside east of here and facilitating the region's growth as an ideal place to live, work, and grow.

Ride Sharing Fees

Last year, ride sharing services provided customers 81 million trips across the Commonwealth of Massachusetts. Eight percent of the 312 million miles driven in Suffolk County - including the city of Boston - in September of 2019 were traversed by ride sharing services. These are impressive figures for a business model that did not even exist at the beginning of the last decade. They also demonstrate the impact which this disruptive innovation has had.

Apps like Uber and Lyft have come to represent a significant portion of the state's congestion issue, and this trend is expected to intensify as self driving vehicles come into service. Though Massachusetts was among the first to impose a surcharge on ride hailing services in 2016, a number of cities and states have greatly outstripped the \$0.20 a ride levy which that legislation put in place. The City of Boston has endorsed a proposal on Beacon Hill that would apply the state's sales tax of 6.25 percent to ride sharing fares. This would significantly increase state receipts and place such charges in line with other major metro areas, such as DC, but generally beneath the high point imposed by New York City of \$2.75 a ride.

While we are open to debate regarding the level of the charge or whether any fee imposed should represent a percentage of each bill or a flat amount, the Chamber of Commerce is generally in favor of increasing the present ride hailing fee of \$0.20 per ride. (Spotlight Team, 2019)

Expanded Tolling

Some in the Legislature have proposed expanding tolls to Route 2 and other major state or interstate roadways. As with the gas tax however, these proposals ignore regional equity. Unlike Interstate 90, a three lane expressway, Route 2 is a rural highway with numerous traffic lights, direct neighborhood accesses, and a major rotary in Concord. Even past its intersection with Route 128, where the thoroughfare expands to four lanes, it narrows and halts abruptly at a traffic light by Alewife Station. As

such, it can hardly be considered an artery into the City, as Interstate 93 can. (Senator Brendan P. Crighton, 2019)

These obstacles greatly exacerbate the artery's congestion and contribute to slow downs as much as the excess traffic. To charge drivers on Route 2 or other underdeveloped thoroughfares beyond Greater Boston the same fees charged those on a modern highway, such as the Massachusetts Turnpike, is completely unreasonable. The Chamber will therefore oppose any proposals of this nature. Should expanded tolls prove unavoidable, steps will need to be taken which ensure that funds are reinvested in the regions from which they were drawn. Regarding Route 2, this would involve addressing the challenges enumerated above and improving service along the Fitchburg Commuter Rail Line. (Lisinski, 2019)

Mileage Charges

Lastly, there has been a suggestion that motorists on state highways should be charged for miles traveled. This is perhaps the least regionally equitable option as, once again, those traveling long distances along state highways tend to live and work outside of Greater Boston. Even more frustrating, unlike charges through the TCI program which could be mitigated as technologies improve or congestion fees which could be avoided by using the commuter rail, mileage fees would be largely inescapable. In predominantly rural areas, such as North Central Massachusetts, public transit options are often scarce to nonexistent. For that reason, this fee would saddle drivers with the cost of transportation improvements without providing them any opportunity to alter their behavior. (Lisinski, 2019)

Regional Priorities

If the region hopes to see its priorities addressed, it will have to identify those priorities and stand ready to advocate for them in the coming transportation debate. Working with its members and partners throughout the business community, the Chamber has identified the following items as vital to the region's continued growth and development. With that in mind, we will work hand in hand with our regional State House delegation to ensure the following priorities are addressed.

Route 2 and Interstate 190 Modernization

With sections that were designed as far back as the 1920s, it is unsurprising that the western half of Route 2 is completely inadequate to modern traffic demands. Even if other steps are taken to relieve vehicle congestion, a two lane highway will not support the travel and capacity needed for economic expansion. Ultimately, this route will need to be widened to include three lanes in either direction. Steps will also need to be taken to improve on and off ramps and eliminate the Concord rotary. Lastly, the road's traffic lights should be synchronized to better regulate the flow of traffic, with an ultimate goal of removing these signals and eliminating the intersections which necessitate them entirely.

While Route 2 serves as the primary connection to Greater Boston, Interstate 190 ties the region to Greater Worcester and ultimately Connecticut. This roadway represents a vital artery that must also be maintained and modernized. Deteriorating pavement conditions need to be addressed and, whenever possible, steps should be taken to improve traffic flow along on and off ramps as is currently being done along Route 2.

Improved Rail Service and Pricing

Increased frequency traveling in both directions along the Fitchburg Line represents perhaps the greatest opportunity to decrease congestion along Route 2, and possibly at the lowest cost. West of

Interstate 495, the Massachusetts Bay Transportation Authority (MBTA) maintains five commuter stations surrounded by nearly six thousand units of housing in total. These units are available at prices and rents significantly lower than those found within the Interstate 495 Corridor. This was recently illustrated in a regional economic profile published by the UMass Donahue Institute, which found both single and multifamily rents in Fitchburg and Leominster were as much as 40% lower than those found in Natick and Framingham. Moreover, a study by the Massachusetts Housing Partnership's Center for Housing Data found that the neighborhoods around these stations boasted housing densities between one and seven homes per acre, illustrating significant potential for growth. (Massachusetts Housing Partnership- Center for Housing Data , 2019) (UMass Donahue Institute , 2020)

Unfortunately, these transit nodes are hampered by irregular service and prohibitive ticket prices. A monthly pass from Fitchburg to North Station amounts to \$388.00. Lowering these fares, improving the frequency of trips, and introducing express trains which lower the commute time to below an hour could significantly increase ridership along the Fitchburg Line. This would decrease the number of commuters dependent upon Route 2, alleviate demand for housing within Greater Boston, and better connect local employers to skilled candidates graduating from universities in Middlesex and Suffolk Counties. (Massachusetts Bay Transportation Authority, 2019)

Expanded Public Transit

North Central Massachusetts covers a geographically broad area populated by twenty seven communities, ranging from densely built mill cities to sparsely inhabited rural towns. This presents a unique challenge concerning public transit, but one which must be addressed all the same. Increased frequency along the fixed bus routes, expanded regional coverage to include weekends, strengthened connections between regions, and improved coordination with employers should all be goals the Chamber and its transit partners support. (Montachusett Regional Transit Authority, 2019)

Alternative Transportation

This past year, development of the Twin Cities Rail Trail was approved by councilors in Fitchburg and Leominster, clearing the way for construction of a vital link between their respective downtowns. The practice of repurposing long dormant railroads as intermodal and pedestrian friendly paths has proven successful in numerous communities across Massachusetts. Doing so here could better connect the region's disparate communities and complement public transit in geographically isolated municipalities. (Busch, 2019)

Conclusion

Transportation represents one of the Commonwealth's most pressing and complex issues, impacting each of Massachusetts' communities and regions directly. As the state's response to these challenges comes into focus, the Chamber and its partners will need to work to ensure that efforts to raise and distribute funds are undertaken in a regionally equitable manner. From a revenue perspective, this includes supporting measures which tax the Commonwealth's residents and businesses fairly while opposing measures which penalize those without access to public transit. The Chamber will therefore support efforts to implement congestion pricing and increase ride sharing fees, while offering tentative support to Governor Baker's Transportation Climate Initiative. At the same time, we are adamantly opposed to increasing the gas tax, implementing mileage fees, or constructing toll cameras along Route 2.

Once collected, these funds should be reinvested in a manner that improves the state's transportation system, reducing congestion and emissions while improving access to reliable public transit to communities across the Commonwealth. Within North Central Massachusetts, this involves modernizing Route 2 and Interstate 190, improving the Commuter Rail's reliability, decreasing its price for regular users, investing in the regional bus system, and repurposing unutilized rail lines to connect bicyclists and pedestrians to commercial centers and transit nodes. While complex and costly, these projects would not only improve the region's connection to the state as a whole, but strengthen ties between its twenty seven communities.

Before any of this is done however, reforms need to be instituted within MassDOT and the state apparatus which ensure that this work is conducted in a responsible and transparent manner. These steps include ensuring that funds raised in connection with transportation purposes are properly allocated, developing the planning and financial capacity necessary to address the transportation system's basic maintenance needs in the future, and establishing a permanent governance board to oversee the MBTA's activity and growth. If undertaken intelligently, these reforms and investments would carry a significant economic impact for the Commonwealth and help justify their costs in the years to come.

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