Public-Private Partnerships



Indiana's P3 Program: Major Moves and a \$3.85 B Lease – over \$166M earned in interest and counting...

Rep. Randy Borror Indiana General Assembly

1-800-382-9841 randy.borror@starfinancial.com





Why We Invest in Roads...



Transportation, Distribution, and Logistics



A Major Cause of Unfunded Transportation Budgets – Gas Taxes

<u>Federal</u>

Since 1932, when the Federal gas tax was implemented, the gas tax has risen only 17.4 ¢/gallon (from 1¢ to the current 18.4¢).

Before 1983, 100% of these funds were dedicated to highways. Since then, it has ranged from 54% to 89%, with the rest being shared by the General Fund and Mass Transit Account.

State Gas Taxes MAARE Jobs for Generatio State Gas Taxes - Shown as 1991/2006 (cents/gal.) 22/34 16.6/ 16/20 19.5 20/27.8 17/26.8 17/23 20/20 18/24 18/25 17/21 21.5/30.9 🔬 4.4/ 18/22 23.9 9/14 15/19 20/30 20/21 18.2/30 22/25 18/24.8 21.7/27.1 -10.5/10.5 20/28 19/19 15/18 19/24.5 16/23 20/22 9/18 **120.4/2** 18.5/23.5 16/24 11.03/17 18/20 15.4/19.7 21.5/30.2 20/21.4 18/18 17/1713.7/21.7 17/18.9 16/16 7.5/7.5 18.2/ State Gas Taxes --13/18 Shown as (1991/2006) 18.4 20/20 26 cents/gal. or greater 15/20 16 - 25 cents/gal. 8/8 1 - 15 cents/gal. (10.9/ 14.9 10 (B (B) 4 1/16 Source: Indiana Legislative Services Agency



The Budget Gap





Options to Fund the Shortfall:

Increase the gas tax Restructure existing debt Issue more bonds Implement other non-road taxes ► Use General Funds Implement development fees None of these were feasible nor desirable

The Law

Indiana Toll Road

Sector Address

00000.00

WHERE BY

CONSTR

LENGED

e de la comp

100.00

RECEIPT

8

ST. SPACE

NUMBER OF STREET

NUM TO BE

NUM

TEPPORT

0.0401.0000

BOTH-LED

IDED TO A

LINCOLOGIE

CANES

LINGTO

01011-01002

CALIFORNIA D

CT. DOLLARS

SUD-DATE:

DILL/REDC

CILCONDUCTION INC.

1000

PET INCO

DANCES.

11000

a de la companya de l

M STREET

L M C H

11047-001

WAR IN 1997

NAMES

CLAPE.

CHARGE

WEEK.

NET DOM: N

1-69

2010/00/00

CHECKER

ALC: LANCE

UNT:

INDER COLDER

20,000

NUMBER OF STREET

1262-126

ALC: NOT

100.00

yan Ma Yangi

DECLARACIÓN DE LA CARACIÓN DE LA CAR

Sections.

200 YO B 200

10.000

No. of Concession, Name



- The Indiana Toll Road was a liability to the state – it didn't break even for a number of years.
- The Toll Road was run with many inefficiencies.

► The I-69 P3 Authority

- The completion of I-69 has been discussed in Indiana since the 1940's.
- The current \$2 B price tag is prohibitive to its completion.

The Issues



"Sale" of Indiana highway Length of lease Value of bid Interest of "foreigners" in deal Tolling and route for the new I-69 > Why not just bond? Political

The emotional tenor of the debate on these issues cannot be captured in writing.



Potential P3s Across the US

► Texas:

- Needs \$80 B for highway funding over the next 20 years.
- The Legislature and the Administration are seeking major funding for two major highway projects: the Trans-Texas Corridor and State Highway 121.
- In April, the Legislature voted in favor of a 2-year moratorium on toll road P3s.

► Georgia:

- Needs \$74 B for highway funding over the next 30 years.
- Considering raising the state sales tax by 1% for 10 years for a Transportation Trust Fund, raising \$22 B.
- Considering several P3s in/around Atlanta to relieve traffic congestion.



Potential P3s Across the US

New Jersey:

- Considering leasing part of the New Jersey Turnpike and the Garden State Expressway.
- Lease revenue would be used to fulfill the state's \$23.6 B unfunded pension liability.

Chicago:

 Considering leasing the Midway Airport – estimated at \$3 B.

Pennsylvania:

Considering a lease of the 537 mile-long PA Turnpike estimated at \$30 B.