

Funding Transportation in Pennsylvania

Act 44 of 2007

- **State Representative Joseph Markosek, Chairman Pennsylvania House Transportation Committee**
- **As presented to the Clarion County Economic Development Corporation and the Clarion Area Chamber of Business and Industry**
- **December 5, 2008**



Representative Joseph Markosek



- Member of the House of Representatives since 1982
- Majority Chairman of the House Transportation Committee since January 2007
- Member of:
 - State Transportation Commission
 - Pennsylvania Aviation Advisory Committee
 - Rail Freight Advisory Committee
 - Pennsylvania Pedalcycle and Pedestrian Advisory Committee
 - Motor Carrier Advisory Committee
 - Interstate Rail Passenger Advisory Council
 - Council of State Governments (Eastern Regional Conference) – Transportation Committee
 - National Conference of State Legislatures Committee on Transportation



Act 44: An Introduction

- In July 2007, the Legislature enacted a transportation plan built upon two foundations:
 - Converting Interstate 80 to a toll road to be managed by the Pennsylvania Turnpike Commission under a 50-year lease agreement; and
 - Increasing tolls on the Pennsylvania Turnpike by 25% in 2009 and a projected 3% per year thereafter.



Act 44: Funding Needs

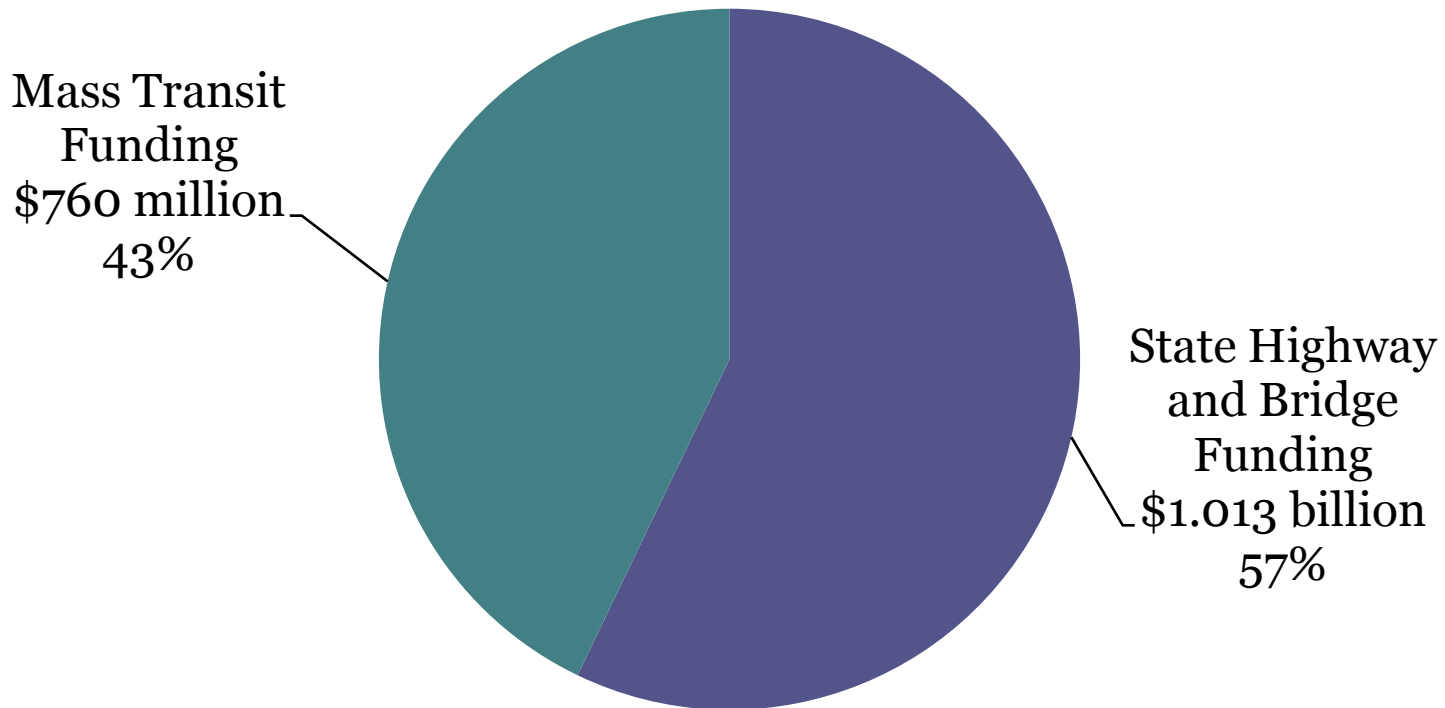
- In November 2006, the Transportation Funding and Reform Commission released a comprehensive report detailing the Commonwealth's highway, bridge and transit funding crisis.
- Factors Creating the Funding Crisis:
 - Double digit inflation in construction costs combined with stagnant federal funding levels
 - Decreased revenue from gasoline taxes due to the:
 - Reduction of gasoline consumption
 - Decrease in vehicle miles traveled



Act 44: Identified Needs

\$1.7 billion per year in Additional Revenues Needed for Transportation in Pennsylvania

Source: Transportation Funding and Reform Commission (November 2006)



Act 44: Budget Solution

- Authorizes a 50-year lease agreement between the Turnpike Commission and PennDOT that will provide over \$83 billion for investment in transportation; an average of \$1.67 billion per year.
- Provides funding to expedite critical highway and bridge projects
- Establishes an inflation sensitive funding stream
- Ensures public management of vital infrastructure while enhancing continued capital investment
- Provides reliable and dedicated funding annually to public transit agencies

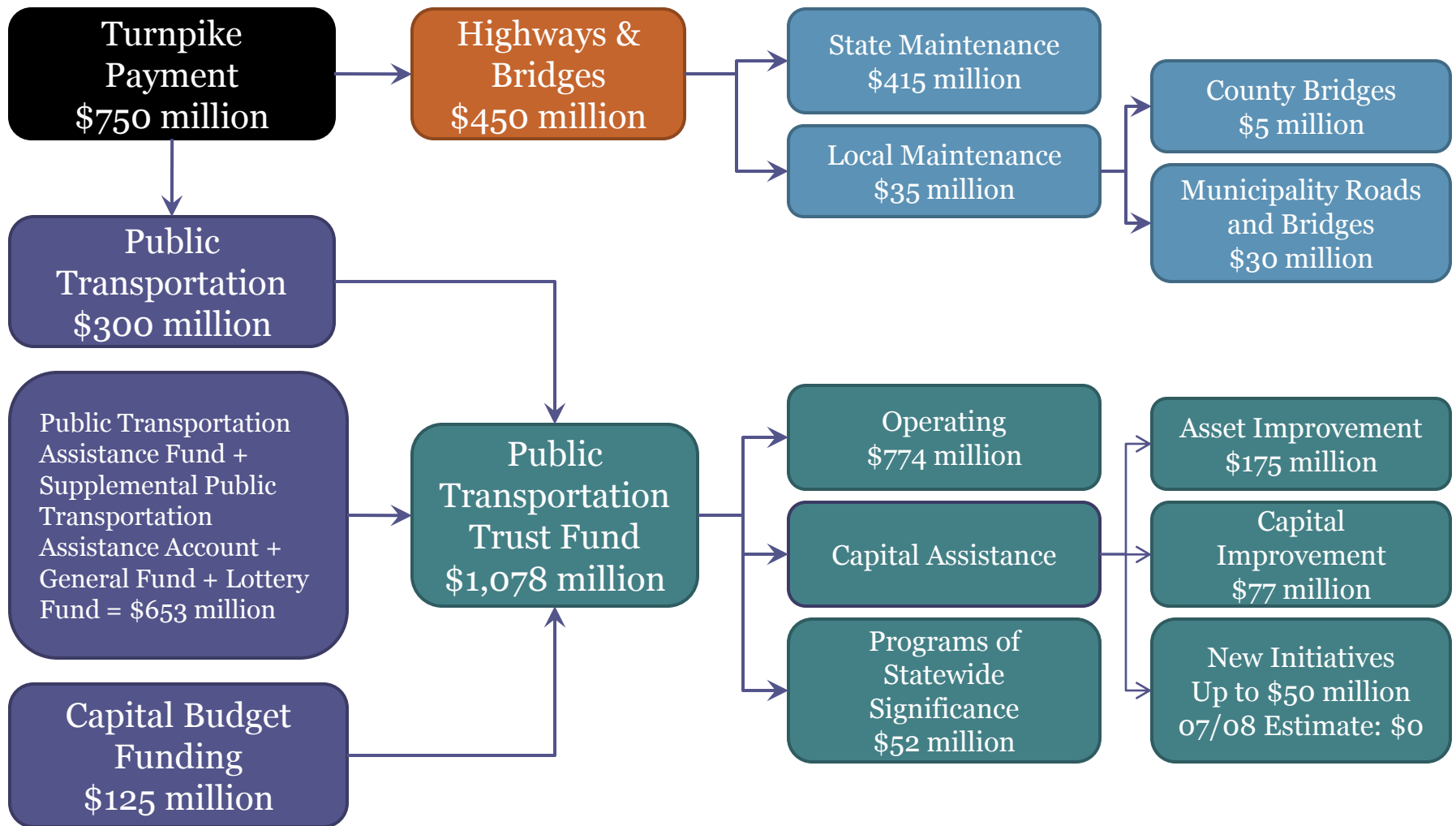


Act 44: Payment Schedule

- Act 44 provides that under a 50-year lease agreement, the Turnpike Commission makes payments to PennDOT in exchange for the right to toll and operate Interstate 80.
- The Turnpike Commission must pay to PennDOT:
 - \$750 million in FY 2007/2008 **PAID**
 - \$850 million in FY 2008/2009
 - \$900 million in FY 2009/2010
- Paid: July 1, 2007 to December 31, 2008 = \$1.175 billion



Act 44: Flow of Funds (FY 07/08)



Act 44: Federal Approval to Toll

- In a letter dated September 11, 2008, the Federal Highway Administration did not extend Phase I approval to Pennsylvania to toll Interstate 80.
- The Turnpike Commission has not determined its course of action. However, they are not precluded from reapplication.



Act 44: Current Status

If Interstate 80 does not become a toll road:

- Starting in FY 2010/2011, the Turnpike Commission's payments to PennDOT under Act 44 will be capped at \$450 million annually.
 - \$250 million for Public Transportation
 - \$200 million for Roads and Bridges
- The Turnpike Commission may not issue any additional debt predicated on anticipated revenues from the tolling of Interstate 80.



Act 44: The Future

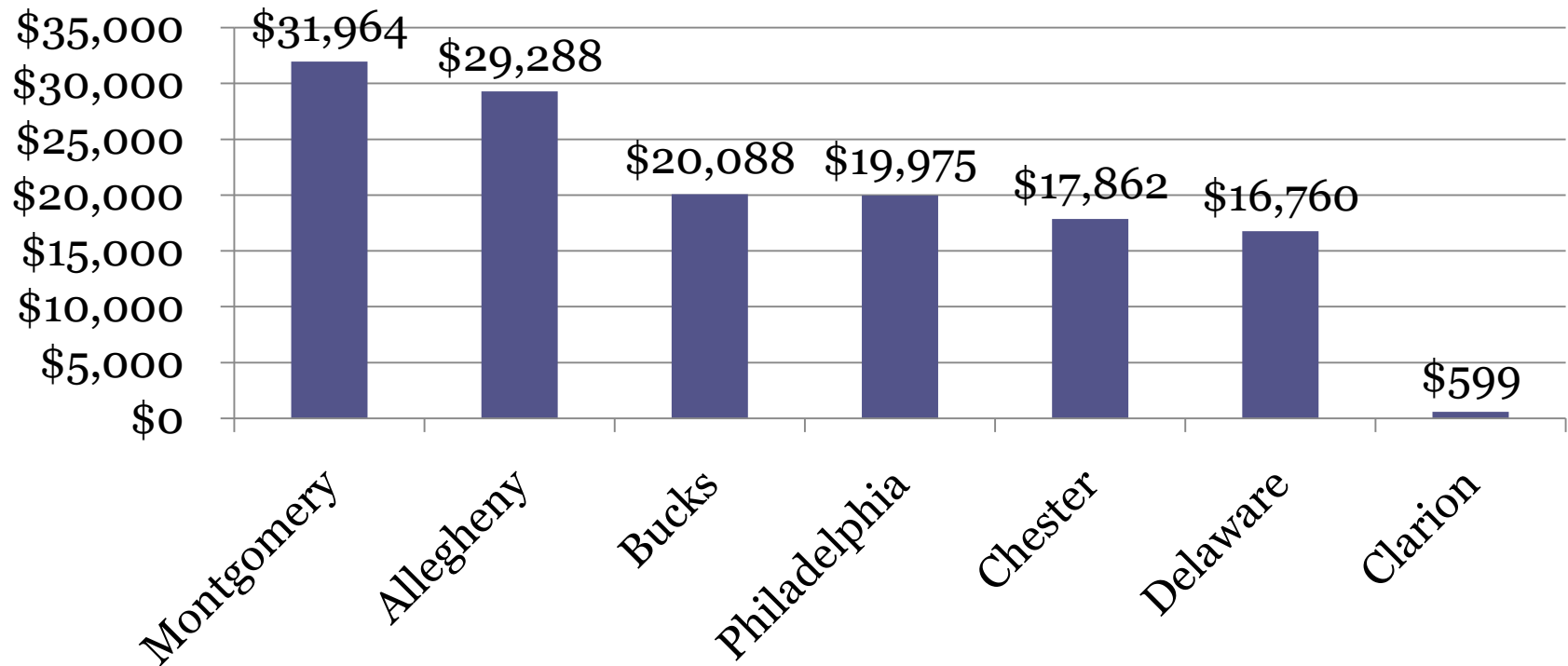
- The Commonwealth and the Turnpike Commission may decide to resubmit the application to toll Interstate 80.
- The General Assembly may consider amendments to Act 44 pending changes in federal requirements.
- Enactment of supplemental legislation may include:
 - Fuel tax increases (OFT)
 - Vehicle Miles Traveled Taxation (VMT)
 - Public Private Partnership (HOT Lanes, Truck Only Lanes, etc.)
 - Lease of the Turnpike
 - Local and Regional Tax options (Drink Tax, Realty Transfer Tax)
 - Phase out of State Police funding from the Motor License Fund
- Federal Stimulus Program



Tax by County for 2006

Source: Pennsylvania Department of Revenue

Tax Paid (in millions)

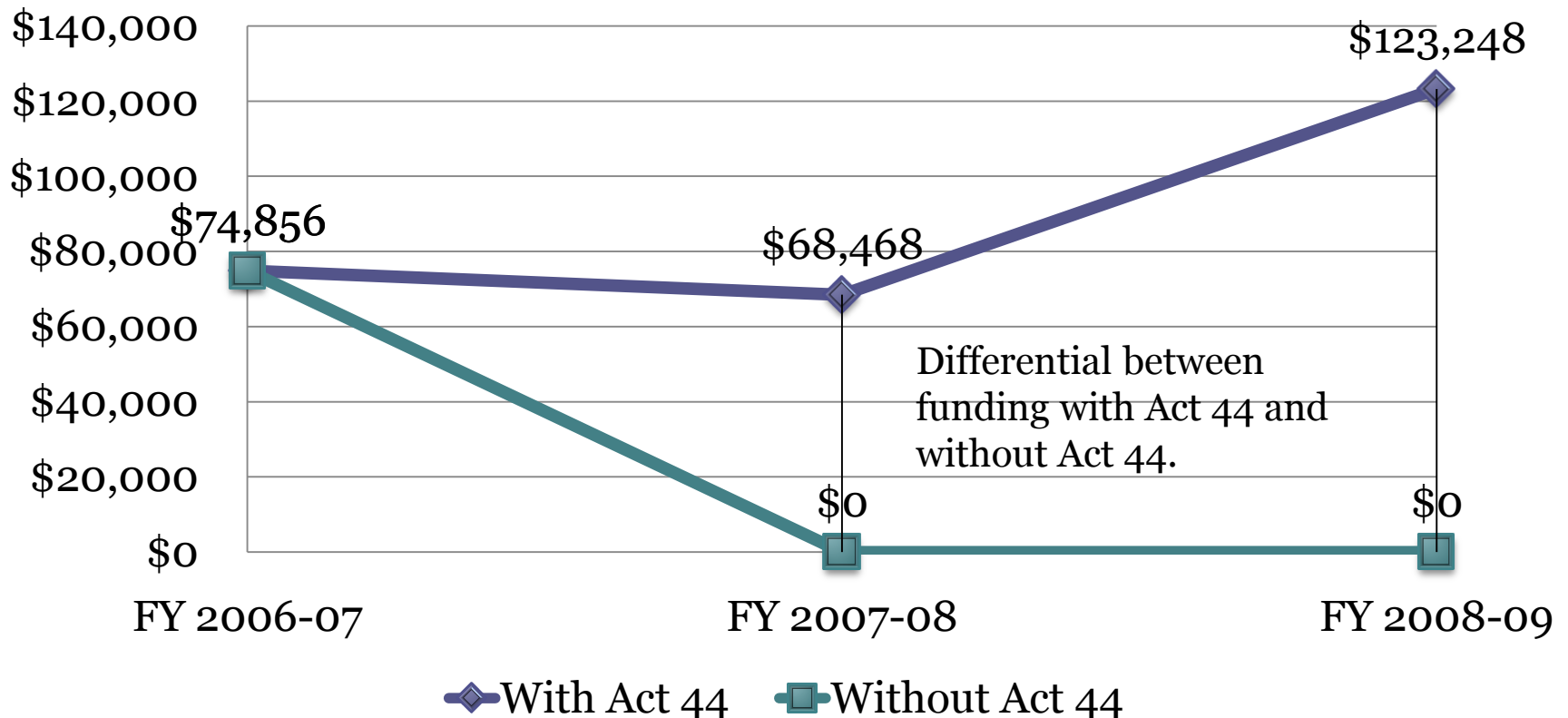


Taxes included: Sales Tax, Motor Vehicle Sales Tax, Personal Income Tax, Inheritance Tax, Estate Tax and Realty Transfer Tax

State Assistance for Public Transportation in Clarion County

Funding amount includes operating assistance, grants for Persons with Disabilities and Welfare to Work.

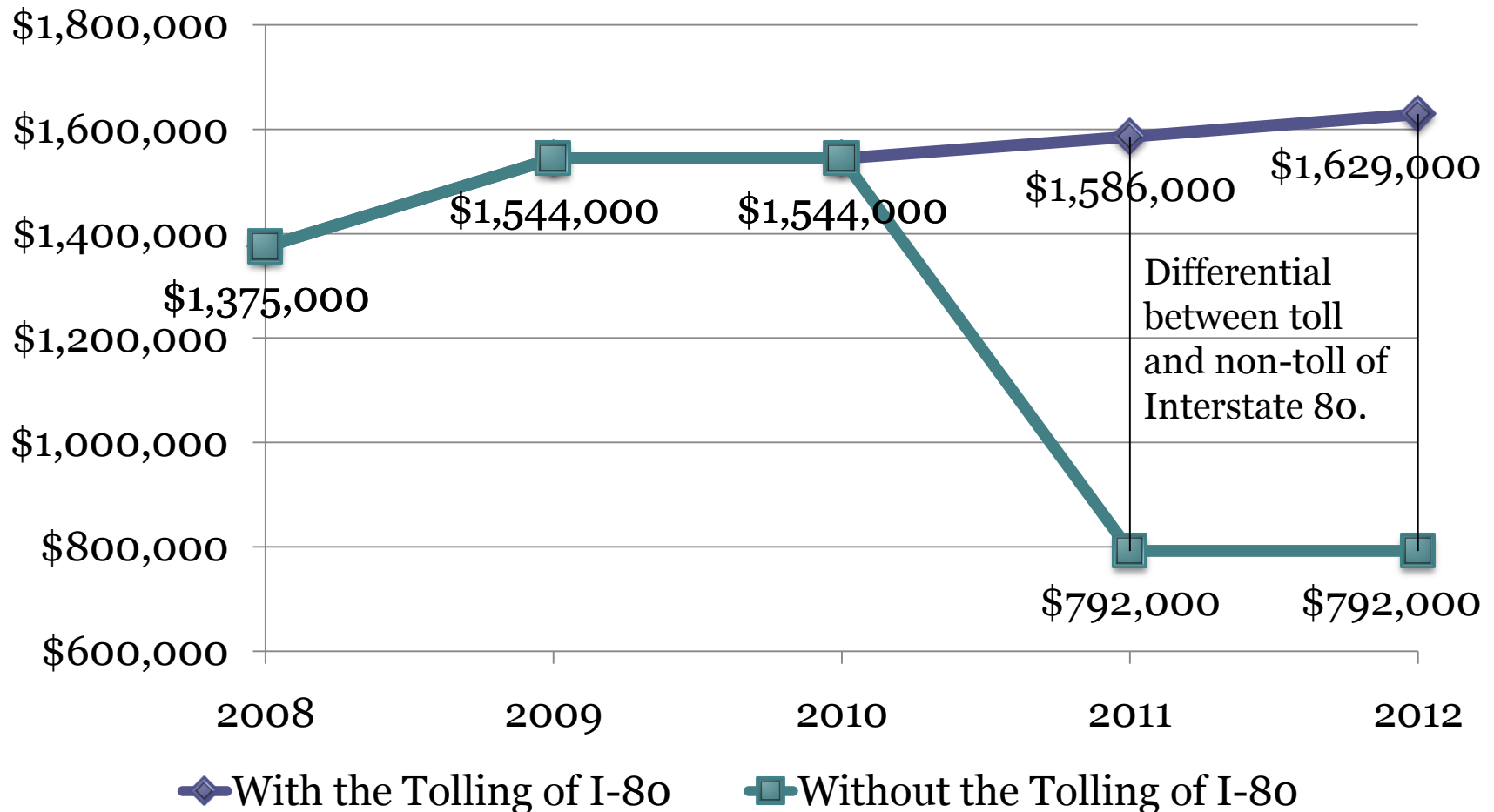
Source: Pennsylvania Department of Transportation



Represents Monroe Township demonstration project begun prior to Act 44. Without Act 44 funding would have ceased at the end of FY 06-07.

Act 44 Funding for Roads and Bridges in Clarion County

Source: Pennsylvania Department of Transportation



Contact Information

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