

**Testimony: PA House Transportation Committee's Public Hearing  
on  
Task Force's House Bill Package**

**By**

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Good Afternoon Chairman Hennessey, Vice Chairman Carroll, and members of the committee and task force. We want to thank you for the opportunity to offer testimony on two critically important bills and we look forward to working with you to address our agency's challenges and the Commonwealth's transportation infrastructure funding crisis. Your Committee's leadership on this challenge is especially critical.

At the outset, it is important to note that given the challenges that our state and nation confront as we seek to rebuild our economy in the face of the coronavirus pandemic, this Committee's leadership is needed now more than ever. Action by the House Transportation Committee and the Legislature can unleash transportation's important piece of Pennsylvania's economic recovery and long-term stability. It is well-established and the members of this Committee are well aware that a safe, robust, and growing transportation network is critical to economic growth.

We are especially pleased today to discuss House Bill 2361 and House Bill 2068. HB 2361 would provide critical relief to our customers and our agency by stepping down our annual payments to PennDOT. HB 2068 would expand the ability for local governments and counties to generate revenue for transportation purposes. This legislation reflects the efforts of the two Mobility Partnership initiatives the Commission launched in partnership with SEPTA, the Port Authority of Allegheny County, and PennDOT in 2017 and 2018.

The Partnerships included a wide array of elected officials, local business and civic leaders and employers who reached consensus on the need for local governments and counties to generate revenue for transportation purposes. We have previously provided background materials and recommendations from each of the Partnerships for your consideration.

The Partnerships and our agency would like to see this legislation broadened and we are very encouraged and appreciative of the fact that Chairman Hennessey is the prime sponsor of this bill. Again, our agency supports both of these bills and views them as critical elements of any comprehensive statewide funding solution.

I would like to provide a brief update on our agency's financial situation in two parts: pre- and post-pandemic.

The Commission has played an integral role in helping to fund our state's transportation infrastructure since 2007, with the passage of Act 44, which mandated annual payments from the Commission to PennDOT. Since 2007, we have provided PennDOT with \$7 billion in funding for roads, bridges, interstates, and transit systems across the state. In 2013, the Legislature passed Act 89, which lowered the amount of funding that the PTC provides to PennDOT and shifted all of the funding to support transit capital, operating, multi-modal and other non-highway programs.

Today, due in large measure to this funding obligation, the Commission holds almost \$14 billion in debt, which exceeds the state's General Debt.

These payments and debt load have had a tremendous impact on our customers and our agency. We have raised tolls every year since 2009 and our current projections show that we will raise tolls annually through 2027.

In addition, prior to the pandemic, we reduced our capital plan by 13 percent – a \$1 billion reduction. In the wake of this crisis, we have further reduced the capital plan for our current fiscal year by an additional 25 percent. Our agency remains committed to advancing projects that improve or maintain safety and extend the life of our roadway.

The pandemic has had a tremendous impact on our revenues. Our pre-COVID-19 revenue forecast for FY20 ending May 31 was \$1.4 billion. Toll revenues have declined by more than \$100 million for FY20 alone as a result of this crisis. As a result of this loss in revenues, the Commission has deferred its first Act 44 payment of \$112.5 million to PennDOT for the current fiscal year and we have requested a deferral for the second quarterly payment of \$112.5 million.

Against this backdrop, we are encouraged by this hearing and your focus on solutions. Frankly, our customers need some form of relief and our partners across the entire ground transportation network need additional tools to make sure our state can add jobs and new businesses.

House Bill 2361 would begin an immediate stepdown of our Act 44 payments. The payments would end by July 2022, when they are currently legislated to partially sunset. The PTC's tolling revenues would be replaced with bondable general fund revenues, such as the sales tax of motor vehicles, as currently legislated. Given our agency's current revenue/debt picture, if this relief is not provided, our agency will be compelled to make further reductions to our capital plan. It is important to note that these reductions will result in potential job losses in the construction sector.

HB 2068 would enable counties to raise revenues needed for public transit and specific infrastructure projects. The bill provides for a menu of local revenue options such as sales tax, earned income tax or local realty transfer tax. It is our hope that the Committee would consider expanding this bill to provide additional flexibility to local officials. Specifically, we recommend that the bill be amended to:

- Allow additional revenue to be used for all types of transportation projects, rather than just mass transportation.
- Broaden the menu of available revenue options beyond the three currently noted in the bill, to also include others cited in the Partnership for Mobility Reports such as: local services tax, Transportation Network Company (TNC) fees, Hotel Occupancy Tax, Surface Coverage Fees, Parking Fees, and Vehicle Property Tax.

We believe that these changes will provide more tools for local officials as they address their unique challenges.

Again, we want to thank for the opportunity to be here today in support of these bills.