

H.B. 1590

As passed on July 17, 2007

TURNPIKE COMMISSION BONDS AND TOLLING I-80

The Turnpike Commission will enter into a 50-year lease agreement with PennDOT, requiring the Turnpike Commission to make payments to PennDOT. In return, the Turnpike will be allowed to toll and operate Interstate-80.

The payments to the Commonwealth will be generated by a combination of the following:

- Toll revenue on the Mainline of the Turnpike increases by 25% in 2009 and 3% per year thereafter.
- Toll revenue from I-80.
- Motor License Fund backed debt of \$5 Billion.
- Turnpike debt financing.
- Turnpike Lease Payment to the Commonwealth.
- PennDOT maintenance and operations savings on Interstate 80.

Below is a sample chart of scheduled payments from the TPC to PennDOT as well as some highlights of the transit and roads funding plans.

Fiscal Year	Total Transfer to PADOT	Funding for Transit	Funding for Roads and Bridges
2007-2008	\$700M	\$250M	\$450M
2008-2009	\$850M	\$350M	\$500M
2009-2010	\$900M	\$400M	\$500M
2010-2011+	\$900M + 2.5%cola	\$400M+2.5%cola	\$500M +2.5%cola

This falls far short of the \$965 million needed annually to fund highway/bridge status quo. It also lacks significant funding for local governments, and does not address use of private capital.

However, it does meet the criteria of the PEL study for growth-oriented funding with the 2.5 percent COLA provision. Also, companion House Resolution 352 requires the Legislative Budget and Finance Committee to study conversion to mileage-based fees.

On the transit side, the new operating subsidies provided will end the need for flexing highway funds to transit.

LOCAL TRANSIT FUNDING AND OTHER TRANSIT PROVISIONS

1) Requiring a greater local share for mass transit systems and giving Allegheny County only more taxing options. This would increase the local share from 13% to 15%. The tax options include:

- Liquor by the glass - Allegheny County only - Up to 10%
- Rental Car Tax - Allegheny County only - \$2 per day.

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- 2) The provision allowing for the restructuring of the SEPTA Board has been removed.
- 3) Simplified Dedicated Growing Funding - Funding for transit agencies will be completely overhauled under the new legislation. The current patchwork system of funding will be repealed and the funding that transit agencies are currently receiving will be replaced by a revenue neutral dedicated portion of the Sales and Use Tax. This will ensure that transit agencies have a reliable and growing source of funding in the future. This concept was part of the TCI proposal.

OTHER PROVISIONS OF INTEREST

- 1) Adopting a code of conduct for the Pennsylvania Turnpike Commission that is similar to that which exists for the Pennsylvania Gaming Control Board.
- 2) Moving up the date of increasing fares on the Pennsylvania Turnpike to 2009. Fares were originally slated to be increased by 25% in 2010. Fares will continue to increase at a rate of 3% annually after 2009.
- 3) Allowing for a greater local share for mass transit systems, increasing it from 13% to 15%. This has been changed from the original increase of a 20% match.
- 4) With the exception of Allegheny County, the menu of local taxation options for counties and municipalities (such as the sales tax, earned income tax, room rental tax, etc) has been removed. Local government units must use existing revenue streams.
- 5) Performance criteria in transit funding, which would look at elements such as rider capacity in determining funding for mass transit agencies.
- 6) Turnpike Commission: the House version provided for an immediate increase in PTC membership from the existing 5 members to a total of 7 members. The two newly created positions would be appointed by the Majority and Minority Leaders of the House of Representatives. The Senate stripped out this provision and it is not contained in the final version of the bill.
- 7) Tolling I-95: This section authorizes PTC, in consultation with the PennDOT, to prepare a consulting civil engineer's report, financial analysis, and application to USDOT for the conversion of Interstate 95 to a toll road pursuant to any Federal Program for which it may be eligible. This section requires explicit approval from the General Assembly prior to conversion of Interstate 95 to a toll road.
- 8) Design Build: The Department may use design-build arrangements for bond-funded projects with a construction value above \$100 million. The Senate removed the language mandating use of design-build that was previously contained in the House version of the bill.
