



Governor's Plan for Transportation Funding

Moving Pennsylvania's Economy Forward

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Governor's 2013-14 Proposed Budget

GOVERNOR CORBETT'S TRANSPORTATION PLAN

Designed to move Pennsylvania's transportation infrastructure ahead, this plan is built on five core principles:

- The plan follows the recommendations outlined by Governor Corbett's Transportation Funding Advisory Commission (TFAC).
- The plan focuses on modernizing PennDOT and other transportation entities to ensure that every available user fee penny is spent appropriately and efficiently.
- The plan ensures the continued safety of all travelers through our state.
- The plan ensures that the funding solution is a long-term solution.
- The plan includes the recommended and necessary legislation and regulatory changes to complement restructuring.

What's included?

Customer service enhancements and cost reductions:

- Replaces Pennsylvania's current annual vehicle registrations with a two-year registration.
- Replaces Pennsylvania's current four-year driver's license with a six-year license.
- Eliminates vehicle registration stickers.
- Creates an optional fee for individuals who have allowed their insurance to lapse as opposed to a three-month registration suspension.

Creates a multi-modal PennDOT Deputate and multi-modal fund:

- Combines rail, air, ports and transit into one deputate.
- This effort will eliminate one PennDOT Deputy Secretary position, transfer the office of PennPORTS from DCED to PennDOT, and creates an annual, dedicated funding source for non-highway modes including bike and pedestrian.
- Creates a pool of matching funds for private or local improvements to a non-state road if the improvement benefits the state system.

Transit Improvements:

- Gradually increases local match for capital transit projects from 3.33 percent to 20 percent to help ensure better local management and interest in project costs.
- Gradually increases local operating match from 15 percent to 20 percent.



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- Helps modernize local transit services by requiring consolidation studies for public transportation. If cost saving can be realized and local agencies implement the consolidation, then their operating match will drop from 20 percent to 15 percent. However, if they do not adopt changes then their local match will rise from 20 percent to 25 percent.

Enhancement for Local Roads and Bridges:

- Offers local governments the opportunity to participate in a bridge bundling and management program. Participation in the program will significantly reduce local cost share by as much as 100 percent.
- In an effort to keep motorists moving and reduce the time spent sitting in traffic congestion, local governments will be offered an opportunity to partner with PennDOT in the management of traffic signals. A similar program will be offered for maintenance agreements on bridges.

PennDOT Business Practices:

- Create a permanent PennDOT Next Generation Office to continually develop and analyze new business practices.
- Create a Public Private Partnership (P3) office to oversee the new public/private partnership law.

Safety and Technology:

- Implements a pilot for automated speed enforcement of work zones to test and assess the technology for safety and compliance costs and prove the potential safety benefit for motorists and highway workers.
- Implements a pilot of new construction contract methods including Alternative Technical Concepts and Construction Manager/General Contractor (contracting practices) to determine cost savings potential.

How do we finance the plan?

- Decreases the "flat tax" portion of the gas tax by nearly 17 percent over two years.
- Gradually deregulates the Oil Company Franchise Tax by eliminating an artificial cap over five years. When originally created, this financing method was supposed to be inflationary, but the cap has stopped this method from growing.
- Given today's rates for the wholesale value of gas, Pennsylvanians will benefit by seeing their investment in transportation grow to approximately \$1.8 billion by year five of the plan.



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- We believe that the Pennsylvania Turnpike's current and future debt load is manageable and we have no plans to currently reduce the turnpike's payments. However, we do not believe that the turnpike contribution under Act 44 is part of the long-term financial health of Pennsylvania and we do plan to end Turnpike contributions in 10 years.

How will the dollars be spent?

- Multi-modal fund: approximately \$80 million each year.
- Transit: approximately \$250 million each year in new state funds.
- Local roads and bridges: approximately \$200 million each year.
- Turnpike Expansion: increases state funding by approximately \$85 million per year to complete the ACT 61 projects and provide funds to match PennDOT investments at potential slip ramp (non-cash, all electronic interchange) connections.
- These numbers represent the investment by year five of the plan given the current wholesale rate for gas.

Key Points

- Addresses decades of underinvestment.
- Decreases the flat tax by nearly 17 percent.
- Modernizes and aligns agencies, business practices and investment strategies.
- Ensures that all system users pay their fair share, not just Pennsylvania residents. If you don't use the system, you don't pay for it.
- Ensure the continued safety of our transportation system, which among other things, carries 1.5 million children to school each day.
- Enacts long-term legislation, organizational and finance plans to meet current needs and act on future opportunities.
- Creates an inflationary financing method, ensuring that Pennsylvania's transportation infrastructure is adequately funded into the future.