



## **News for Immediate Release**

**Feb. 14, 2013**

### **Governor Corbett Discusses Importance of Transportation Funding Plan** Plan Praised by Local Community, Labor and Business Groups

**Pittsburgh** –Governor Tom Corbett today discussed his plan to inject nearly \$2 billion of additional funding into Pennsylvania’s transportation system, while reducing the gas tax paid by consumers at the pump by 17 percent.

This investment in Pennsylvania’s future increases public safety, drives commerce, creates jobs and provides reliable funding for our transportation needs without leaving the bill to our future generations.

“Our economy, quality of life and safety relies on keeping Pennsylvania’s transportation system well maintained,” Corbett said. “If we do not act now, the solution only gets more expensive and our infrastructure will continue to deteriorate quicker than we can afford to maintain it.”

Corbett stressed the importance of passing his long-term funding solution, explaining that the commonwealth’s transportation problems have been building for three decades.

“Our most costly option would be to do nothing,” Corbett said. “Ten years from now, it’s going to cost a lot more to repair a bridge or pave a highway. And if we go too long, we’ll have to pay to replace them altogether. That is likely to double or even triple the cost.”

Corbett laid out his plan for transportation funding during a press conference in Pittsburgh. Joining the Governor was PennDOT Secretary Barry Schoch and local representatives from labor, business, education, agriculture, tourism and government, voicing praise and support of the Governor’s plan and the need for immediate action.

Pennsylvania’s current transportation funding shortfall has been an ongoing concern that has resulted from inflation, reduced tax income due to more fuel efficient vehicles, and decades of underinvesting.

Without action, the number of structurally deficient bridges, now at more than 4,000, will continue to rise, travel conditions will worsen as the number of roadway miles in poor condition will continue to increase, commerce will suffer and decreased project work will lead to the loss of 12,000 jobs.

Left unaddressed, our transportation infrastructure challenges also constitute a public safety concern. Currently, more than 31,000 buses carry 1.5 million children

to school on our roads and bridges each day. Corbett's plan will address our needs, ensuring our transportation system remains safe and accessible.

"Our customary way of funding transportation no longer produces the revenues we need," Corbett said. "I am proposing two adjustments to the way we provide for our transportation needs."

"I am calling on the legislature to pass a 17 percent reduction in the flat liquid fuels tax paid by consumers at the pump. Second, I am asking the general assembly to begin a five-year phase out of an artificial and outdated cap on the tax paid by oil and gas companies on the wholesale price of gasoline; it is time for the oil and gas industry to pay their fair share of the cost of the infrastructure supporting their industry."

The Oil Company Franchise Tax is a tax levied by the state on wholesale oil distributors based on the wholesale price of gasoline. By gradually eliminating the cap of \$1.25 which was put in place in the early 80's, Pennsylvania expects to realize approximately \$1.8 billion by the fifth year of the plan. The wholesale price of gas reached the \$1.25 ceiling in 2006, so funding from the OCFT has not grown since.

The governor's plan updates a decades-old funding structure that is no longer serving the interest of Pennsylvanians. It sets Pennsylvania's transportation future on a firm and sustainable path.

The governor's long-term funding solution includes components such as:

- Reducing the "flat tax" portion of the gas tax by 17 percent over two years.
- Gradually deregulating and uncapping over five years the artificial ceiling on the Oil Company Franchise Tax that is levied on the wholesale price of gasoline.
- Creating a pool of matching funds for private or local improvements to a non-state road if the improvement benefits the state system.
- Replacing Pennsylvania's current annual vehicle registrations with a two-year registration and the current four-year driver's license with a six-year license.
- Eliminating vehicle registration stickers.

The plan closely follows the recommendations outlined by Corbett's Transportation Funding Advisory Commission, encompassing customer service enhancements and cost reductions, implementing a multi-modal development strategy, transit improvements and efficiencies, enhancing local roads and bridges, advancing safety and technology, and improving PennDOT business practices.

For more information, visit [www.pa.gov/governor](http://www.pa.gov/governor).

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