

HOUSE BILL 2329

TESTIMONY BEFORE THE HOUSE JUDICIARY COMMITTEE

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THANK YOU MR. CHAIRMAN FOR THIS OPPORTUNITY TO PROVIDE PENN DOT'S PERSPECTIVE ON HOUSE BILL 2329.

FIRST OF ALL, I WOULD LIKE TO EMPHASIZE THE COMMON INTERESTS OF THE TURNPIKE COMMISSION AND THE DEPARTMENT OF TRANSPORTATION. OVER THE PAST FIVE YEARS, THESE TWO ORGANIZATIONS HAVE WORKED TOGETHER -- AS NEVER BEFORE -- TO IMPROVE THE MOVEMENT OF PEOPLE AND GOODS AND TO HELP PROVIDE FOR THE CONTINUING ECONOMIC DEVELOPMENT OF PENNSYLVANIA.

GIVEN THIS PARTNERSHIP WITH THE TURNPIKE, PENN DOT IS CERTAINLY SYMPATHETIC TO THEIR DESIRE FOR ADDITIONAL REVENUES TO MEET THEIR NEEDS. NEVERTHELESS, PENN DOT BELIEVES THAT NEITHER THE TURNPIKE NOR PENN DOT WILL BENEFIT FROM A POLICY OF ERODING THE OTHERS REVENUE BASE.

MORE THAN A DECADE AGO, THE GENERAL ASSEMBLY BEGAN TO CONSIDER TURNPIKE EXPANSION LEGISLATION. RECOGNIZING THAT PENN DOT WOULD CONTINUE TO HAVE UNMET HIGHWAY CONSTRUCTION NEEDS, ACT 61 OF 1985 SET UP A MECHANISM IN WHICH THE TURNPIKE AND PENN DOT WOULD USE THEIR OWN RESOURCES TO COMPLEMENT EACH OTHERS ROAD CONSTRUCTION EFFORTS FOR THE BENEFIT OF ALL OF PENNSYLVANIA. IN THE SPIRIT OF PARTNERSHIP FOSTERED BY GOVERNOR CASEY AND TURNPIKE COMMISSION CHAIRMAN AND SECRETARY OF PENN DOT HOWARD YERUSALIM, THE TWO ORGANIZATIONS HAVE WORKED TOGETHER ON THE DESIGN AND COORDINATION OF THE TURNPIKE EXPANSION PROJECTS EMBODIED IN ACT 61. IN ADDITION TO COOPERATIVE EFFORTS ON MAJOR PROJECTS SUCH AS THE BEAVER VALLEY EXPRESSWAY AND THE AMOS K. HUTCHINSON BYPASS, PENN DOT BUILT A \$55 MILLION PIECE OF THE MON-FAYETTE EXPRESSWAY.

THIS ACTION PERMITTED THE TRANSFER TO THE TURNPIKE OF A 10 MILE SECTION OF THIS IMPORTANT ECONOMIC DEVELOPMENT HIGHWAY, THE FIRST NEW SECTION OF THE TURNPIKE IN 33 YEARS.

LET ME REEMPHASIZE THAT IT HAS BEEN PENN DOT'S UNDERSTANDING THAT THE OVERALL POLICY OF THE GENERAL ASSEMBLY HAS BEEN TO HAVE THE TURNPIKE AND PENN DOT USE THEIR OWN RESOURCES TO COMPLEMENT EACH OTHER'S ROAD CONSTRUCTION EFFORTS. LIQUID FUELS TAXES BEING PENN DOT'S PRIMARY SOURCE OF REVENUE AND TOLLS THE MAJOR SOURCE OF REVENUE FOR THE TURNPIKE. WE BELIEVE THAT THIS IS GOOD POLICY FOR THE CITIZENS OF THE COMMONWEALTH. ACT 26 PASSED INTO LAW IN AUGUST OF LAST YEAR, MARKED THE FIRST TIME STATE REVENUES WERE SPECIFICALLY EARMARKED FOR THE TURNPIKE IN ORDER TO COMPLETE THE TURNPIKE EXPANSION PROGRAM. PENN DOT ALSO BENEFITED GREATLY FROM ACT 26, THE FIRST INCREASE IN LIQUID FUELS TAX REVENUES SINCE 1983, AS DID LOCAL GOVERNMENTS WHO WERE ALSO PROVIDED A MUCH NEEDED INCREASE IN THEIR HIGHWAY PROGRAM FUNDS.

AFTER PASSAGE OF ACT 26, THE TURNPIKE IDENTIFIED A MAJOR AREA OF CONCERN WITH THE LEGISLATION. ACT 26 AS WRITTEN, LEFT TURNPIKE REVENUE IN THE MOTOR LICENSE FUND UNTIL NEEDED BY THE TURNPIKE FOR CONSTRUCTION OF THE TURNPIKE EXPANSION PROJECTS. THE TURNPIKE PROPOSED AND WAS GRANTED IN ACT 31 OF 1992, AUTHORITY TO RECEIVE MONTHLY TRANSFERS OF THE TURNPIKE DESIGNATED ACT 26 FUNDS. AS A RESULT OF THE CHANGE, THE TURNPIKE WILL BE ABLE TO EARN INTEREST ON REVENUES RECEIVED PRIOR TO THE FUNDS BEING NEEDED TO PAY PROJECT COSTS. FOR THE MOTOR LICENSE FUND, THIS

WILL MEAN A LOSS OF AN ESTIMATED \$35 MILLION IN INTEREST REVENUE WE HAD HOPED TO USE TO SUPPLEMENT OUR HIGHWAY MAINTENANCE PROGRAM -- A PROGRAM WHICH BENEFITS ALL 67 PENNSYLVANIA COUNTIES.

THIS BRINGS ME TO THE CURRENT ISSUE OF THE PROPOSAL IN HOUSE BILL 2329 TO DIVERT A PORTION OF MOTOR VEHICLE FINES FROM THE MOTOR LICENSE FUND TO THE TURNPIKE. PENN DOT IS OPPOSED TO THIS PROPOSAL BECAUSE IT TAKES A REVENUE SOURCE SPECIFICALLY DESIGNATED TO PENN DOT AND DIVERTS IT TO THE TURNPIKE. FUNDS WHICH WE NEED TO MAINTAIN THE STATE'S 41,000 MILE HIGHWAY SYSTEM.

AS BACKGROUND, ALLOW ME TO PROVIDE SOME DATA ON THE STATUS OF THE MOTOR LICENSE FUND. SINCE FISCAL YEAR 1986-87 -- AND WITHOUT THE ACT 26 REVENUE INCREASE -- THERE HAS BEEN NO GROWTH IN THE TOTAL OF FUNDS AVAILABLE TO PENN DOT FROM STATE, FEDERAL, AND OTHER SOURCES. EVEN WITH THE ACT 26 MONIES THAT ARE EARMARKED FOR PENN DOT PROGRAMS, THE AVERAGE ANNUAL GROWTH RATE OVER THE SEVEN YEAR PERIOD FROM FISCAL YEAR 1986-87 TO THE CURRENT FISCAL YEAR IS LESS THAN 2 PERCENT -- SUBSTANTIALLY LESS THAN THE GENERAL INFLATION RATE SINCE 1987 OF 4.2 PERCENT. BY CONTRAST, THE TURNPIKE REPORTS OPERATING REVENUES FROM 1987 TO 1992 WHICH HAVE GROWN BY AN AVERAGE ANNUAL RATE OF ALMOST 10 PERCENT.

IT MUST BE RECOGNIZED THAT OVER 90 PERCENT OF MOTOR LICENSE FUNDS AVAILABLE TO PENN DOT GO FOR HIGHWAY AND BRIDGE MAINTENANCE AND CONSTRUCTION PROGRAMS. ANY REDUCTION IN REVENUES AVAILABLE WOULD CERTAINLY HAVE A NEGATIVE IMPACT PARTICULARLY ON THE HIGHWAY MAINTENANCE PROGRAM WHERE UNLIKE CONSTRUCTION, PROJECT COMMITMENTS DO NOT EXTEND WELL INTO THE FUTURE. THE NEGATIVE

IMPACT ON HIGHWAY MAINTENANCE WOULD BE FELT BY ALL 67 COUNTIES DUE TO THE DISTRIBUTION FORMULA REQUIRED BY LAW.

ACCORDING TO ESTIMATES PROVIDED BY THE TURNPIKE, HOUSE BILL 2329 WILL YIELD \$6.5 MILLION IN VEHICLE CODE FINES WHICH WOULD BE DIVERTED FROM PENN DOT. THIS DIVERSION IS ESPECIALLY TROUBLING BECAUSE FINE REVENUES ARE ALREADY CAPPED BY ACT 64 OF 1987 WHICH PROVIDES FUNDS FOR THE JUDICIAL COMPUTER SYSTEM. THROUGH FISCAL YEAR 1991-92, ABOUT \$17 MILLION HAS ALREADY BEEN TRANSFERRED FOR THIS PURPOSE. CERTAINLY WE ARE NOT QUESTIONING THE MERITS OF ACT 64, WE ARE ONLY CONCERNED THAT FURTHER EROSION OF MOTOR LICENSE FUND REVENUES WILL IMPAIR OUR ABILITY TO MEET OUR EXTENSIVE HIGHWAY MAINTENANCE NEEDS.

EARLIER I STATED THAT PENN DOT IS SYMPATHETIC TO THE TURNPIKE'S DESIRE FOR ADDITIONAL REVENUES TO SATISFY UNMET NEEDS. I OUTLINED THE IMPACT THEIR PROPOSAL WILL HAVE ON OUR MAINTENANCE PROGRAM. TURNING TO CONSTRUCTION WE ALSO HAVE UNMET NEEDS. THE STATE TRANSPORTATION COMMISSION EVERY TWO YEARS HOLDS PUBLIC HEARINGS ACROSS THE STATE ON THE 12 YEAR TRANSPORTATION PROGRAM. IT IS IMPORTANT TO NOTE THAT AFTER ALL OF THE REQUESTS FOR NEEDED HIGHWAY AND BRIDGE IMPROVEMENTS WERE ADDED UP FOR THE LAST UPDATE IN 1990, WE WERE UNABLE TO FUND \$6 BILLION OF THE \$28 BILLION IN REQUESTS.

I WOULD LIKE TO CONCLUDE WITH THE FOLLOWING POINTS:

1. THE CITIZENS OF THE COMMONWEALTH WILL BENEFIT MOST FROM A RELATIONSHIP IN WHICH THE TURNPIKE AND PENN DOT ARE PARTNERS THAT UTILIZE THEIR RESPECTIVE SOURCES OF DESIGNATED REVENUES

TO COMPLEMENT EACH OTHERS EFFORTS. THEREFORE, NEITHER THE TURNPIKE NOR PENN DOT WILL BENEFIT IN THE LONG RUN FROM LOOKING AT EACH OTHER'S REVENUES TO SATISFY UNMET NEEDS.

2. ALTHOUGH PENN DOT'S FINANCIAL HEALTH IS STABLE AS A RESULT OF THE REVENUE INCREASE PROVIDED TO US BY THE GENERAL ASSEMBLY'S PASSAGE OF ACT 26, WE MUST CONTINUE TO PRACTICE CAREFUL AND INNOVATIVE FINANCIAL PLANNING TO MEET THE NEEDS OF THE FUTURE. IT SHOULD ALSO BE NOTED THAT WHILE THE TURNPIKE HAS THE INDEPENDENCE TO SET TOLLS TO IMPROVE ITS REVENUE STREAM, PENN DOT IS DEPENDENT UPON YOUR DECISIONS AS LEGISLATORS TO MAKE REVENUE ENHANCEMENTS.
3. ANY FURTHER EROSION OF MOTOR LICENSE FUND REVENUES SHOULD BE VIEWED IN LIGHT OF PENN DOT'S EXTENSIVE HIGHWAY AND BRIDGE RESPONSIBILITIES AND THE EARLIER CITED LESS THAN INFLATION GROWTH RATE IN FUNDS AVAILABLE TO MEET THOSE NEEDS.

IN CONCLUSION, I URGE YOU TO REJECT THIS PROPOSAL.

THANK YOU MR. CHAIRMAN FOR THE OPPORTUNITY TO PRESENT THIS TESTIMONY.