

Testimony Before the House Transportation Committee
Bryan Barbin, Deputy Secretary of Taxation
Department of Revenue
Friday, September 6, 2024

Chairman Neilson, Chairman Benninghoff, and members of the House Transportation Committee, thank you for the opportunity to meet with you today. I am Bryan Barbin, Deputy Secretary of Taxation for the Department of Revenue. On the behalf of Secretary Patrick Browne, I am pleased to discuss the Governor's proposal for the support of public transportation throughout the Commonwealth of Pennsylvania.

Governor Josh Shapiro's 2024-25 budget builds off the investments made by the federal Infrastructure Investment and Jobs Act of 2021 by focusing attention on making necessary improvements to our public transportation system. In fiscal year 2022-23, Pennsylvania's transit agencies completed over 236 million transit trips. On average 64% of users of Pennsylvania's fixed-route transit and nearly 54% of shared-ride users said they had no other means of travel other than mass transit.

The value and importance of Pennsylvania's mass transit and transportation infrastructure is demonstrated through the economic activity produced throughout the state. In 2022, the Berks County economy was estimated to generate \$23.8 billion in gross domestic product while Philadelphia County, the largest in Pennsylvania, generated \$123.1 billion in gross domestic product.

It is clear that Pennsylvania's future is intertwined with continued support of its mass transit needs for its daily workforce and commerce. In 2021, PennDOT measured the economic impact of public transit and passenger rail service as supporting "nearly 39,000 jobs with \$2.75 billion in employee compensation within the state."

The Governor's proposed strategic investment into mass transit provides additional cost savings realized through the benefits in the environment and by lessening the wear-and-tear on our roads and bridges. Bolstering our mass transit system to provide a better experience and reliability can lead to the reduction in the number of vehicles driving on the road. According to PennDOT's Public Transportation Annual Performance Report for fiscal years 2022-23, "...a trip made via public transportation emits 55% fewer greenhouse gases than driving."

The mechanics of the Governor's proposal hinge on the introduction of a transfer increase from sales and use tax (SUT) revenues to the Public Transportation Trust Fund (PTTF) created by Act 44 of 2007. Through various streams of revenue, the PTTF distributes funding in the form of grants to public transit agencies to assist with operating costs, capital and asset improvements, and programs of statewide significance. Currently, there is a transfer of 7.68% of SUT deposited in the PTTF for various uses. In fiscal year 2023-24, \$1.21 billion was transferred. The estimated transfer under current law for 2024-25 is \$1.24 billion. With passage of the Governor's

proposal, the transfer would increase to \$1.52 billion in 2024-25. The formula found in Section 1506 of Title 74 directs the SUT transfer in two ways: 86.76% towards Section 1513 subsidy for 32 mass transit operations and 13.24% towards Section 1516 for programs of statewide significance.

The Governor's proposal increases the PTF SUT transfer by an additional 1.75 percentage points to push new funding through those sections, equating to an estimated \$245 million of new funding to mass transit operations and \$37 million to programs of statewide significance had these provision been in effect for all of fiscal year 2024-25. The \$245 million is a 23% increase on the \$1.07 billion current law transfer for fiscal year 2024-25, which will be distributed to various public transportation systems across the Commonwealth, including in Berks and Lancaster Counties.

The Governor's proposal requires a legislative change to Title 74 which limits the year-over-year growth in the Section 1513 operating subsidy to just 20% for each transit agency. It is estimated that the South Central Transit Authority (SCTA) would have received an additional \$5,697,479 in funding for their transportation system under the Governor's proposal. An increase in Section 1516 funding would benefit programs like the Senior Shared Ride program. A table is further included in my testimony to demonstrate the estimated increases for transit agencies under the Governor's proposal.

The Governor's proposed transfer relies on revenue generated from SUT, which is a 6% tax levied on retail sales of goods and certain services. The Department is confident that our current projections will accommodate the Governor's additional 1.75% SUT transfer into the PTF. Current collections are strong with \$2.5 billion in sales tax receipts between July and August 2024. Current projections estimate the growth of sales tax by 2.0% for fiscal year 2024-25.

In closing, the Department looks forward to working with the members on the committee and answering any questions they may have. Thank you for the opportunity to provide testimony on behalf of the Department of Revenue.

| Transit Agency | County (ies) | Estimated State Grant Award FY 2024-25 | State Grant Increase |
|---|--|--|----------------------|
| Altoona Metro Transit (Amtran) | Blair | \$5,008,601 | \$878,747 |
| Area Transportation Authority of North Central PA (ATA) | Cameron, Clarion, Clearfield, Elk, Jefferson, McKean, Potter | \$9,347,449 | \$1,814,957 |
| Beaver County Transit Authority (BCTA) | Beaver | \$6,042,017 | \$964,641 |
| Borough of Mt Carmel (LATS) | Northumberland | \$509,647 | \$83,891 |
| Borough of Pottstown/Pottstown Area Rapid Transit (PART) | Montgomery | \$2,246,612 | \$456,323 |
| Butler Transit Authority (BTA) | Butler | \$1,749,194 | \$417,428 |
| Cambria County Transportation Authority (Camtran) | Cambria | \$10,658,088 | \$1,633,531 |
| Centre Area Transportation Authority (CATA) | Centre | \$14,258,894 | \$4,280,292 |
| County of Lackawanna Transit System (COLTS) | Lackawanna | \$10,841,019 | \$1,856,388 |
| County of Lebanon Transit Authority (COLT/LT) | Lebanon | \$3,312,080 | \$601,818 |
| Crawford Area Transportation Authority (CATA/Venango Transit) | Crawford, Venango | \$2,583,219 | \$533,266 |
| Endless Mountains Transportation Authority (EMTA/BeST) | Bradford, Sullivan, Tioga | \$2,121,199 | \$530,444 |
| Erie Metropolitan Transportation Authority (EMTA) | Erie | \$15,943,630 | \$2,902,511 |
| Fayette Area Coordinated Transportation (FACT) | Fayette | \$2,366,956 | \$558,638 |
| Hazleton Public Transit (HPT) | Luzerne | \$3,251,424 | \$579,771 |
| Indiana County Transit Authority (IndiGO) | Indiana | \$2,800,739 | \$488,806 |
| Lehigh and Northampton Transportation Authority (LANATA) | Lehigh, Northampton | \$30,592,449 | \$6,108,582 |
| Luzerne County Transportation Authority (LCTA) | Luzerne | \$10,052,178 | \$1,912,997 |
| Mercer County Regional Council of Governments (MCRCOG) | Mercer | \$1,369,006 | \$281,293 |
| Mid Mon Valley Transit Authority (MMVTA) | Washington, Westmoreland | \$4,857,674 | \$921,644 |
| Mid-County Transit Authority (Town and Country Transit) | Armstrong | \$884,170 | \$128,757 |
| Monroe County Transportation Authority (MCTA) | Monroe | \$3,235,775 | \$554,167 |
| New Castle Area Transportation Authority (NCATA) | Lawrence | \$7,473,003 | \$1,691,312 |
| Port Authority of Allegheny County (PAAC) | Allegheny | \$319,490,185 | \$39,107,478 |
| Schuylkill Transit System (STS) | Schuylkill | \$2,537,168 | \$409,675 |
| South Central Transit Authority (SCTA) | Berks, Lancaster | \$28,463,898 | \$5,697,479 |
| Southeastern Pennsylvania Transit Authority (SEPTA) | Philadelphia, Bucks, Chester, Delaware, Montgomery | \$1,011,375,811 | \$161,525,591 |
| Susquehanna Regional Transportation Authority | Adams, Cumberland, Dauphin, Warren | \$27,521,091 | \$5,468,434 |
| Transit Authority of Warren County (TAWC) | Warren | \$1,190,025 | \$231,766 |
| Washington County Transit Authority (WCTA/Freedom Transit)* | Washington | \$2,465,057 | \$460,333 |
| Westmoreland County Transportation Authority (WCTA) | Westmoreland | \$6,204,860 | \$955,084 |
| Williamsport River Valley Transit (RVT) | Lycoming | \$7,177,173 | \$1,321,230 |
| TOTAL | TOTAL | \$1,557,930,291 | \$245,357,274 |