

The Keystone Transportation Funding Coalition is a diverse group of transportation advocates that came together to support a comprehensive, long-term, multimodal solution to Pennsylvania's transportation funding needs. Coalition members include the highway construction industry, public transportation agencies, labor unions, farm organizations, AARP, bicycle and pedestrian advocates, land-use advocates, AAA, air and seaport organizations, associations representing local governments, chambers of commerce, travel and tourism organizations, environmental advocates, health care organizations, advocates for people who are disabled, freight and passenger rail organizations and the trucking industry.

The Coalition was instrumental in securing passage of Act 89 of 2013, the funding measure that raises an additional \$2.3 billion annually for transportation in Pennsylvania. The group remains active and continues its advocacy efforts to protect the Act 89 revenue stream, encourage the federal government to shore up the nearly depleted Highway Trust Fund, and educate the public about the benefits of Act 89 and the importance of a sound transportation system.

Following are several funding-related issues that members of the General Assembly currently face or will face in the not-too-distant future. Our purpose is to provide information to help policymakers understand the challenges, and the choices that must be considered if Pennsylvania is to sustain the momentum in returning its transportation system to a level required to support economic growth and enhance the quality of life for all Pennsylvanians.



Act 89 did not solve the entire funding problem. Act 89 raised an additional \$2.3 billion annually for transportation. However, the bipartisan Transportation Funding Advisory Commission noted five years ago that Pennsylvania's funding gap was actually \$3.5 billion annually. So, while the Commonwealth is making strides in repairing and restoring its transportation infrastructure, that progress will begin to fade, probably within the next five years.

To keep the improvements going, policymakers will need to find a way to allocate additional revenue for transportation again, either by raising taxes and user fees, by redirecting resources from other state programs and services, or a combination of both. Failing to address the issue will send the Commonwealth back toward where it was five years ago, with a transportation system that was approaching failure.



Act 89 revenue is being diverted. The Pennsylvania Constitution requires that revenue from fuel taxes and license and registration fees be used for transportation. While that legitimately may include patrolling highways, the Commonwealth had been diverting \$800 million per year from the Motor License Fund to support three-quarters of the State Police budget. A Legislative Budget and Finance Committee analysis concluded that was nearly \$300 million per year more than justified.

The Commonwealth is now gradually reducing the diverted amount in order to comply with the state constitution. However, State Police costs continue to increase, so policymakers will be faced with closing a State Police budget deficit that will grow to upward of \$300 million per year. And again, that deficit can be filled only by raising revenue, redirecting resources from other programs and services, or a combination of both.



Communities are opting for “free” State Police coverage. A corollary to the State Police funding issue is that a growing number of communities who have had local or regional police coverage are opting out of such arrangements, in favor of State Police coverage. While communities that opt out of local or regional coverage save money, residents who have local or regional coverage end up paying twice, because they subsidize the State Police coverage as well as pay for their own coverage. One solution would be to address the inequity by removing the incentive for communities to opt out of local police coverage. Several proposals have been introduced, but none has been enacted.



A public transportation cliff is on the horizon. In 2007, the General Assembly and Gov. Ed Rendell expanded the PA Turnpike Commission’s mandate by requiring it to provide annual funding contributions of \$450 million for broader transportation needs. Subsequently, this mandate was revised as part of Act 89 to require the commission to contribute all of the \$450 million to support public transportation and multimodal (nonhighway) projects. However, in 2023, the contribution will decrease to \$50 million annually, punching a \$400 million hole in public transportation budgets that is to be covered by shifting sales tax revenue from the General Fund. A pending lawsuit could accelerate the loss of that revenue.

Public transportation agencies operate in every Pennsylvania county, benefitting residents across the Commonwealth not only with fixed-route services, but with shared-ride programs, programs for people with disabilities, elderly Pennsylvanians and others whose mobility options would otherwise be limited. Once again, the \$400 million hole in the General Fund budget can be addressed only by raising revenue, redirecting resources from other programs and services, or a combination of both.



Attempted raids on other transportation funds. The Multimodal Transportation and Public Transportation Trust funds have come under siege from some lawmakers who assert – wrongly – that those funds are carrying surpluses that should be redirected for other purposes. Both funds play an important role in addressing the needs of Pennsylvania’s integrated, multimodal transportation system. Diverting the revenue would eliminate a variety of projects and services that benefit residents statewide.



Alternative fuel vehicles. As alternative fuel vehicles gain in market share, policymakers must begin thinking about how to fairly assess the cost for building and maintaining transportation infrastructure. All vehicles contribute to infrastructure wear and tear and should also contribute to its upkeep. A mileage-based approach, as opposed to a consumption tax on petroleum-based fuels, is showing promise.



Federal transportation policy. In the 20th Century, this country built a modern, state-of-the-art national transportation system, and our nation flourished as a result. We did this with the guiding hand of the federal government and visionary leadership. In more recent years, there has been a weakening of the federal role, exacerbated by the failure to develop a workable consensus among both houses of Congress and the Presidency.

The Coalition believes that relegating responsibility for transportation policy and funding to the states will result to a piecemeal system that will not serve the needs of our nation as a whole, threatening our prospects for growth, prosperity and a better quality of life. The Coalition will continue to advocate for strong federal leadership, both in terms of transportation policy and funding.