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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

COMMITTEES

TRANSPORTATION, CHAIRMAN
COMMITTEE ON COMMITTEES, CHAIRMAN
COMMERCE

COSPONSORSHIP MEMORANDUM

TO: All House Members

FROM: Rep. Richard A. Geist

DATE: January 18, 2011

RE: *Public-Private Transportation Partnership Legislation*

As the new legislative session begins, I again will be introducing legislation (**House Bill 3 of 2011-12**) to enable Pennsylvania to enter into transportation-oriented public-private partnerships, which can provide an innovative and viable funding alternative to help the Commonwealth rebuild its deteriorating transportation infrastructure.

Public-private partnerships (P3s) are contractual arrangements in which the private sector teams with government to accelerate the maintenance, improvement and expansion of roads, bridges and other infrastructure. In a P3, the public entity maintains ownership and control of the asset or facility, while the private entity provides an infusion of capital to deliver projects more efficiently.

P3s are not about selling public assets. Rather, they are partnerships in which the private sector teams with government to create mutual economic development. According to the latest estimates, between \$200 billion and \$250 billion of private equity and pension fund money is available domestically to leverage P3 opportunities in the U.S.

Pennsylvania is in the midst of a transportation funding crisis. Last year, the State Transportation Advisory Committee issued a report that estimated an additional \$3.5 billion a year is needed to meet all of Pennsylvania's existing and immediate transportation infrastructure needs. That's double the estimated annual deficit calculated in 2006 by the governor's Transportation Funding and Reform Commission, on which I served.

The harsh reality is that Pennsylvania's infrastructure needs far surpass the public sector's ability to fund them. We have no choice but to explore other alternatives to bridge this funding gap, and I believe private-public partnerships represent a viable alternative.

I envision this legislation as the cornerstone of a comprehensive transportation funding plan that would raise more than enough money to fix our deteriorating roads, our deficient bridges, our struggling mass transit systems, as well as provide funding for expansion of the infrastructure to increase capacity. By investing private-sector capital and using the principal and interest exclusively to fund Pennsylvania's infrastructure needs, several ambitious projects around the state that would otherwise never materialize could be completed. Thousands of Pennsylvanians could be put to work rebuilding the infrastructure. And future generations would not be strapped by massive debt payments.

P3 projects have been successful around the world and in the United States. Currently, 28 states have enacted legislation that enables and provides a framework for P3s.

For success stories, look no further than neighboring Virginia, which has had a P3 statute on the books since 1995. The private-sector team of Transurban and Fluor Corp. has fronted \$1.5 billion to fund construction of the I-495 Capital Beltway Hotlanes project, currently under construction and scheduled to be completed in 2013. Another three "megaprojects," estimated at \$1 billion each, are currently under negotiation and could reach financial closure in 2011. For more information on P3 activity in Virginia, I encourage you to visit these web sites: virginiadot.org/business/ppta-default.asp and vamegaprojects.com.

P3s are endorsed by the United States Department of Transportation. Both the former governor and the new governor of Pennsylvania support the concept of P3s. It is time that this Commonwealth be enabled to explore P3 projects, where it is advantageous for the Commonwealth to do so. We've had P3 bills introduced in the last three sessions and the Special Session on Transportation last session. This version has been vetted by the four Caucus Transportation Chairs in 2010 and PennDOT legal staff.

If you are interested in co-sponsoring this legislation, please email Vickie Trostle in my office at vtrostle@pahousegop.com, or contact my Harrisburg office at 787-6419.