

MR. GEIST: Good Morning everyone. This morning we will start our final hearing concerning alternative methods of financing public highways. We were in Pittsburgh, and St. Bonafice Church and Beaver Falls and Altoona, and now in Harrisburg. We have been able to accumulate a lot of good information and I think public opinion concerning Pennsylvania's Highway System and the financing of the same. This morning's first witness will be Pennsylvania's and United States' Man of the Year, Tom Larson. Secretary Larson will give testimony and then answer any questions. Before you start I'd like to introduce the members of the panel that are here. To my left is Terry Punt and to my right is Vic Lescovitz, and Jim Martini from Joe Kolter's staff on the Democratic side, and last but not least the brain-trust of our committee, Paul Landis. Tom you're on.

DR. LARSON: Thank you very much Mr. Chairman, I'm pleased to be here this morning I would like to depart from a perochial sort of a view today which I often have and necessarily and take a national perspective on the matter of highway and bridge financing. The title of my remarks will be "Captial Investment and Performance in Highways," and of course, I could have added bridges because we normally include those. My concern and the basis for this broader view can be found in a variety of references recently that point to the fact that we are facing a loss of so called infra-structure and alot of people don't know what infra-structure is but if you say it's a loss of the sewers and the water systems and the dams and the roads and the bridges, then they understand it and that's really what we are faced with. The question of our systematically underinvesting of these facilities that support our society. So with that brief preface, I will get into my testimony. **TESTIMONY SUB-MITTED. . .**

MR. GEIST: Thank you very much Mr. Secretary. I have a couple questions to start off with. On page six of your testimony on Toll Financing, What do you think the probability is of our Congress changing the law to let the State's have control of at least the pavement and the rebuilding, I don't even say maintenance any more I say rebuilding certain sections of inter\$state in Pennsylvania to finance for those two tolls. Secondly, the part of the question would be can you see legislation on the Federal level allowing us to combine or co-mingle different funds including tolls to make up a match and also to pay for the maintenance of that highway in the near future, and if not, what can Pennsylvania do to do an end run on this?

DR. LARSON: On the first point as to the probability of Federal Legislative Change, I would have to guess that it depends primarily on the adequacy of Federal Funding that is or is not provided. There is general agreement across the country that the Federal Trust Fund is inadequate to even maintain the system let alone finish the interstate system. If there is a marked increase, the five cents that is now being talked again quite actively, if that comes then the pressure from the State for such legislation would probably receive. If it doesn't come I would guess the pressure would grow and there might well be an opportunity for a change. As to the options for co-mingling for monies, I don't see this as a strong possibility, although there has been some break throughs. For example, the so called Henry Tunnel under the Baltimore Harbor is being built in a very unique way. Tolls were established to provide for a local match so the huge 800 million dollars plus, project could be built. And the intent is that these tolls will be removed once the State share has been paid. So there is more flexibility, and I think we all know that pressure for change is what brings change, and we have been in the area when the fundings has been so adequate that there has been very little real gut pressure for fundamental change. I think we are at a time now when everything is possible.

MR GEIST: One more question and then I'll turn it over to Vic and the others. We in Pennsylvania, even with the four cents additional, when we make up the short form, I feel that Pennsylvania has our financial house in order. We have more sections of missing links, more sections of incomplete highway than any of the northeastern states, how do you propose financing and building those, or are we just gonna say that the system stops now, or are we just going to maintain status quo, which is what it actually looks like to me.

MR. LARSON: We are not taking that approach, we are moving all of our major interstate projects through to a position where they can, in fact, be built. Most recently we had clearance from the court on I-78, which was a major break through. We have gone from a posture of standstill to motion on every one of these projects. The critical dimension now is to get money in the federal trust fund that will cover both maintenance and completing our construction. Pennsylvania came on to late in this game, it's unfortunate, but we were very late in the Appalachian Program, we were very late in the Interstate Program, but we haven't lost the ball game in either one of these. We are working intensely with Pennsylvania Congressional Delegation to make sure that our needs are met. We're fortunate to have five members including several very very senior members on the House Transportation Sub-committee and so I think we do have the prospect for redressing some of the wrongs from the past here in Pennsylvania, and we're working intently to make sure that happens.

MR. LESCOVITZ: Let me just clarify a few things and then just ask you if you're assuming this or if it's coming out of Washington, D.C. from the secretaries office and the other members of the Northeast? What your saying is that if the five cent proposed tax does not go through, do you feel that within the next few years there is going to be enough pressure so that the Federal Government will give Pennsylvania and other states, the opportunity to toll roads, such as I-80 or I-79, or these missing links? Is that an assumption or is that the word coming out of D.C.?

MR. LARSON: It's an assumption on my part, but one based on very careful observation. I've been very active in the National Governor's Association, in the American Association of State Highway Transportation Officials, I meet regularly with my peers among the States, and it is an assumption, but I think one that is well founded. We are not in a time in this country when we are going to shut down our highway system, and money is required if we're not going to shut it down. I think it's as simple as that.

MR. LESCOVITZ: It's my understanding going through the hearings. The few we had in Altoona and Pittsburgh and Beaver County, that even with the five percent facts proposed by the Federal Government that our matching funds still would not be enough money to reconstruct or to finish the missing links. We'd still be way under.

DR. LARSON: My feeling is, if we can bring the Federal Funding to, perhaps, something approaching, \$15 billion dollars a year, that we can do the job. That is the figure that has been generally agreed on by the National Governor's Association, and the American Association of Highway and Transportation Officials. The budget that could grow out of this increase would approach that number, it perhaps wouldn't be quite there. So, I would say that with that increase, we could mount a credible effort towards meeting the needs.

MR. LESCOVITZ: But it would not be enough?

DR. LARSON: Well, I'm not going to judge that it wouldn't be enough because I think there are alot of things that are happening in the new federalism that could change, in the proposals for new federalism, could change the mix of money and the need of money. In Pennsylvania, for example, let me give you one specific example. Even though we are moving on all of our interstate missing links, my guess is that we will wind up short on some of them, and I can't really predict where they are. We are moving on all of them. There will be a court suit, there will be something that will stall it. What we need in Pennsylvania is flexibility in Federal Law, to allow us to take construction money and there are large amounts of that targeted for Pennsylvania, and if we can't use it to very quickly ship that into restoration. We don't have that flexibility now, and it's going to be important that we have that so that as we get closer to the end of this funding era,

that we can, in fact, meet Pennsylvania's needs. So, I would not want to say that we can't make do with the proposals that are on the table. I think it would depend on how you would give us the money, really.

MR. LESCOVITZ: Another question I have is, What is the split as far as funding for reconstruction like on I-79, I-80, do we get matching funds from the Federal Government? What is that?

DR. LARSON: We get matching funds for the Federal Government and with the 1981 Federal Act, the matching ratio for R.R.R., was raised from 75.25 to 90.10. Pennsylvania played a very major role in making that happen. The difficulty is that there isn't enough money. Pennsylvania gets \$22 million dollars for interstate restoration, and I can show you some places where we can spend that in a mile, and we have 1500 miles. So, we do have massive problems there to be addressed.

MR. LESCOVITZ: Is it the Federal or the State not matching? In other words,

DR. LARSON: It's the Federal at this point in time, and that's why this five cent Federal tax is so crucial.

MR. LESCOVITZ: Thank you.

MR. PUNT: Mr. Secretary, what roads in Pennsylvania are potential toll roads, that you vision?

DR. LARSON: I think that the roads that could be tolled in Pennsylvania would ideally form some kind of grid. I would not want to presume to be able to identify them off the top of my head. But, clearly, the east-west roads, you have the existing turnpike toll road and you have interstate 80. Going farther North, you have I-90, up at the linkage there between New York and Ohio, and perhaps I-70 as another piece going off towards the West. These are candidates in the East-West corridors, and if you go North-south you can start with the many links missing, out in Representative Kolter's area, on the western side of the state. The Beaver Valley and the Mon. Valley, projects like, that that are under intensive aids. Coming across you have, perhaps, other candidates...219, then you come over and you find the northeast extension of the existing turnpike and perhaps a connection up at the New York state line. I would envision some sort of a grid-structure would be the approach that might be taken. But, again, I want to reemphasize that we have to be very careful as we think of this, because what we would be doing is changing the philosophy of transportation in the United States. We have built our system now primarily as a free system. As distinct from France, Japan, Italy and a whole lot of other places. We chose deliberately to make it a free system. And if Pennsylvania installs an extensive toll system, clearly, we will be one of many states. And the thought of driving from New York to San Francisco Interstate-80, stopping at toll gates, every few miles, is very different from the one we have now. I'm not judging it one way or the other, I'm just

saying it's a very different world.

MR. PUNT: The Interstate systems in Pennsylvania, what's the total mileage?

DR. LARSON: 1500 miles approximately.

MR. PUNT: 1500. Alright, how much have we spent in the 81-82 fiscal year as well as the current fiscal year, in maintenance of these miles?

DR. LARSON: I can't give you an off the top of my head figure of that, I probably should have brought that over in anticipation, but I don't have it. I can break it out, and I'll see that you get that information. What we have done, and I guess part of the reason why it is so difficult, we have used all of our money, we have critical bridge money. There are almost 40 federal categories, and we try very hard to play those to the best advantage of Pennsylvania. We've used federal critical bridge money to rebuild bridges on the interstate system. We've used the existing for our money. Since the interstate also qualifies for primary, we have used federally primary money to help rebuild the interstate. Some of it is at 90.10 and some of it is at 75.25, and so it is a very complicated funny picture. I do have those numbers back in my office and I'll see that you get them.

MR. PUNT: Also when you are obtaining those figures, I'd like to have an idea how much would be needed to make the necessary improvements that are necessary on the interstates to include the cost to maintain regular maintenance, once those improvements are made.

DR. LARSON: We have that information, and again, I don't have it at my fingertips, and I will provide that to you.

MR. PUNT: And one final question. If a toll system was established, do you think it should be administered through the Department of Transportation, a separate agency established to administer the program?

DR. LARSON: It is very difficult to give an answer that is right over time. I would hope that the department has some credibility now, and perhaps, could take on additional responsibility. A few years ago, I think it would have been a serious calculation to have made such a move. I really would not have an ultimate judgment. All different methods can be made to work. It really depends upon the people involved, and the structures that are implaced to make it work. I think that there are several ways in which a system could be made to work effectively.

MR. PUNT: If you would, I would like for you to submit to the committee, your recommendation, as possible alternatives to make this work. What you said made me think of another question, and I certainly will ask the person later that will be giving testimony. If we went to a toll system, do you think it would be feasible, practical, to incorporate in with the Pennsylvania Turnpike Commission to handle the program?

DR. LARSON: Again, I would say that it depends on the management of the agency.

The Turnpike Commission has worked over many, many years and to say that it could not work in this case, I think would be premature or unfounded, but the circumstances right now, I guess would be such that I would be inclined to think that the Department of Transportation could probably as well or perhaps better than the turnpike commission, and has changed over history, so I'm not going to give a long term answer, because I really cannot.

MR. PUNT: One question again. Within the structure of PennDOT, the various county maintenance operations, do they have specific personnel assigned to the interstate systems that pass through those counties. Specific Personnel that are assigned to maintain those roads passing through the counties, or is it up to the maintenance manager to schedule whatever?

DR. LARSON: It's up to the maintenance manager to schedule activity. This brings up an interesting point, and perhaps you or all of you as members of the General Assembly are aware of this. The interstate roads have very few constituents. We get the intense pressure to fix the farm roads, and almost no pressure to fix interstate 81 or 80 or whatever. Even though there would be no market to go to, and there would be no jobs in the factories if you didn't have interstate 80 or 81. So we are in a tough spot, and that is quite frankly why it is important why I have strong control in the counties, because I can demand that the interstates be taken care of, and we have done that. We also try hard to take care of the farm to market roads. There is a problem in the constituency sense. In that the interstate roads are loved by almost noone, except for the motorists that happen to be on them, or the truck driver that is one them, and so forth.

MR. PUNT: Thank you.

MR. KOLTER: Mr. Secretary, last week we were in Altoona, and while Paul was preparing the tape recorder, I glanced at a local newspaper and saw, I think I saw, an article, an announcement from your office that several links were completed in that area. Do you recall : talking about that?

DR. LARSON: Not specifically, but we are completing the link from Ebensburg down to Altoona as an Appalachian Fund project coming down over the crest of the mountain. It's a very large project and it is moving reasonably close to completion.

MR. KOLTER: I think there were three links they mentioned, if I recall. My question is where is the money coming from?

DR. LARSON: Those links are funded in different ways. The Altoona one is being funded by the Appalachian Development Highways. That is a special category money, it's excluded from the federal allocation process. It's unique to a 13 state group, it's been in existence

for many years. It's governed by the Governor's of the states. It's a whole unique world of its own. Created to help Appalachia. That's the biggest chunk of money that we have. In western Pennsylvania, we have the Allegheny Valley expressway, and that's federally primary money, and that's using a very large portion of our total state federally primary money. We have a very strong committment to finish that to serve Pittsburgh, the workers in Beaver County. And all the other folks that travel up and down that corner. Going farther east, we're finishing the Pottstown expressway. Again, linking a major community to a bigger job market. And a place where we are using interstate transfer money, which is from interstate projects that have been withdrawn from the system, and some federally primary money. And then finally we're doing some work on the, that's primary and interstate transfer money, and then we are doing some work up in the Scranton-Wilkesbarre area on the cross-valley expressway, and that's federally primary. Those are the missing links and those are the funding mechanisms.

MR. KOLTER: Thank you.

MR. LESCOVITZ: On that five cent gallon tax, I believe one cent goes towards mass transit.

MR LARSON: That's correct.

MR. LESCOVITZ: And you're saying that it's going to produce by \$15 billion dollars for Pennsylvania?

DR. LARSON: No, I'm sorry. It produces, depending on the way in which the other excise taxes, the rubber, the oil, ther're package of other taxes, depending on what would happen, it produces something over \$1 billion dollars per penny. The transit side would be about \$1 billion dollars, and this would be added on to the approximately \$8 billion dollars, between \$7 and \$8 billion that is already available from the trust fund as it now exists.

MR. LESCOVITZ: Again I have to go back to our other hearings that brought out that the amount of money that it would produce, wouldn't be enough to fix some of our bridges. And we would be about \$10 billion dollars short, to fix the missing links and the reconstruction roads like I-80. So, I'm trying to find out why our figures don't match here.

DR. LARSON: Why my figures don't match? Well, if you assume we have an \$8 billion dollar availability from the existing trust fund. And if we add 4 to it, that gives us something approaching 12 billion. And again there's a billion here and a billion there, but there is some room for discussion as to how the other taxes are going to be handled. And that really hasn't been debated. For example, there is a major user allocation study that is being reported out that well affect the mix of fees for trucks vs. cars. Perhaps the representative from the trucking industry will speak on that. The study has been completed and is clearly going to be part of this overall discussion. I'm talking something in the \$12 or \$13 billion dollar catagory. The American Association of State Highway and Trans-

portation Officials, and the National Governor's Association, after intense study of this, thought that \$15 billion dollars would be sort of the optimum figure per year. That assumed a very high level of completion of the interstate system. The interstate system can be completed for \$50 billion dollars or can be completed for about \$12.3 billion dollars, intending on how you define it. Now that's getting a little complicated, but you can define into the interstate system, all sorts of updating. Bringing everything up to the most modern standards, and then you get a \$50 billion dollar bill. You can complete it by just hooking the things together, and then your're down in the \$12 to \$13 billion dollar range. So, I would, I could make as good a case for my number as anybody else could make for theirs, really based on some definitions that we would have to agree on.

MR. LESCOVITZ: Why would you just want to hook things together instead of, in my opinion, bring everything into it?

DR. LARSON: Well, for example. In the most complete package you have a whole series of roadside rests, millions of dollars of roadside rests. In a time of short money, if you want to build endless roadside rests, I don't know, that is one example.

MR. LESCOVITZ: Just one final question. On that Baltimore Tunnel, is that the only toll road in the United States Legislation, and I would like to find out how that legislation was passed. Isn't that on 95?

DR. LARSON: Yes, it's on 95 and I will give you the history on that if you'd like. Basically, they agreed that toll funding would be applied to make up the state share. And that was done, I don't know all the makings of the process, but it was provided, and the tunnel is being built.

MR. LESCOVITZ: Do you think that would be possible for Pennsylvania?

DR. LARSON: I really don't whether it would fit us or not. We have only a few links where tolls would really be appropriate, but I was trying to show that, in response to the question as to what is possible. I would say that almost anything is possible if you pull the right string in a time where there is alot of pressure.

MR. LESCOVITZ: I brought this out again, and noone seems to know the answer. In West Virginia it seems like they tolled Interstate 77, it's a West Virginia turnpike, it's about 10 miles and you pay \$1.50 to go about 10 miles on a two lane highway. But I'm curious that it seems after construction of so many miles that they would take the toll off. Do you know how the system works down there?

DR. LARSON: I do not. Maybe someone else here would know.

MR. GELST: Tom, thank you. But before you get out of the chair, I want to follow up on a little bit on Vic's comments. We've had the figures given to us, what it would cost to rebuild inadequate bridges alone in Pennsylvania. We had the figures as to what it would cost to rebuild 80, from Du Bois west to Clearfield west. We've had these numbers con-

tinuously given to us. 60 out in Joe's district. Is there any hope, I mean really any hope that we can press our Congressional Delegation for a piece of legislation that will let Pennsylvania experiment with co-mingling, as one of the northeast states. I think that our history of forfeiting federal money is unmatched by any state. And now that we have our financial house in order, I think, and personally believe that if we show the flexibility, we can make our highway program work here.

DR. LARSON: Well, number one, on the money, I don't know where the numbers came from, but clearly, when you get up in the kinds of costs and the systems as complex as these, it comes down to, what are you defining as the problem? And I have given you a very brief background, I will send you a copy of some of the material that I have referred to, I'll make a note of that to do so. In terms of Pennsylvania using Federal Funds, it is worth noting that for the last two years we have been number 1 in the nation. This current year we obligated \$589 million dollars in federal aids. We can, I guess you can be as optimistic or pessimistic as you wish for the future. You are correct, we do have our house in order, and we're working intensely with those five members that I described, to make sure that Pennsylvania's position is a good one. I think that we're well postured. We have strength in the White House, we have strength in the Department of Transportation, we have strength in the Congress. If we can't do something, I guess I'll be very surprised and disappointed.

MR. GEIST: Thank you.

DR. LARSON: Thank you.

MR. GEIST: Our next speaker will be Kant Rao, the chairman of the State Transportation Advisory Committee. Kant, the floor is yours, and we have copies of your testimony. If you'd like to deviate the testimony and submit it, and answer some questions, I would honor that. I've read through a little bit of it, and it seems to be much the same as the secretary's, so if you'd like to do that, I think maybe some of the members would like the opportunity to question you.

MR. RAO: I'd be happy to. Since I've given you a copy of the written testimony, why don't we go straight to questions. We can go directly to questions then. **TESTIMONY SUBMITTED.** . . .

MR. GEIST: Alright. Thank you. I'd like to introduce you to our new speaker, Mr. Rao. He has just joined us, and he will start off with questions.

MR. LESCOVITZ: I'll try to go back to your last page on toll financing. Are you saying that you feel that toll financing would not be adequate because part of the system would be paying for another part of the system?

MR. RAO: I think what I'm saying on the second to last page is that the financial liability of a toll road depends upon a number of factors. One of the main factors is cost. In urban areas, building one mile of limited access expressway. Today could cost \$20 million dollars or more. Then if you turn the page, at the top of the last page,

another critical factor is traffic. If traffic is below 20,000 vehicles per day, it's going to be difficult to break even, on a highway given the present cost and also the high interest rates. So, if you have a good system, where one high traffic road can lead to some surplus, which can then be used to offset shortfall in other systems, then you might have a viable network, as opposed to having one viable road. So, that is what I was saying on the last page.

MR. LESCOVITZ: Okay. Are you pretty familiar with the Beaver Valley expressway, Beaver County, the missing links, and Allegheny County, and

MR. RAO: We have begun to take a look at that facility.

MR. LESCOVITZ: Okay. Do you have any figures on whether you feel that a toll system would be enough money to maintain those roads if we did go to a toll road? One in Beaver and Allegheny County? Would there be enough traffic to take care of the system?

MR. RAO: My numbers are very preliminary. I believe that the traffic would not be high enough to support toll finance on a complete basis. But toll financing can be packaged in many, many different ways. In fact, we have heard today, talk about mixing sources, and using different sources to finance a project, and I believe that the Revenue's will be sufficient, for example, to match federal aid, if that were available on that project. And there other ways that you can co-mingle different sources of funding.

MR. LESCOVITZ: That's curious, because the hearings that we had seem to be, like, especially in the Beaver County area and a few of the others, seem like the traffic wouldn't be strong enough to maintain the roads. And I'd like to see some of your figures on why you feel that it would not be enough to turn into a turnpike or toll road, that would not be able to unintelligible. . .

MR. RAO: Well, certainly. I think that again the assumptions make a big difference. If, for example, you assume a forty-year amortization period bonds, and assume 7% interest rate, you can make the numbers look very good. On the other hand, if you go to Wall Street they would say they would not buy those kinds of bonds in today's market. In our analysis, which is going on right now, we are assuming a twenty to thirty-year amortization period, and interest rates from 9 to 12 percent. And at, when you do that kind of analysis, you have to remember that the Revenue's have to cover not only the amortization, but you have to have another 20 to 25 percent above in order to maintain a good bond rating. So when you begin to do these kinds of things, the finances begin to look a little different. But I'll be happy to go over any of the numbers that are in the working papers, which have been submitted to your committee, and on any of the numbers in the testimony.

MR. LESCOVITZ: And again, I didn't get a chance to go through it extensively, but do you feel if the federal government would increase their gasoline tax, that Pennsylvania would have enough money through matching money, to construct the missing links and to also

reconstruct highways such as I-80 and roads like this, would you think that it would be enough?

MR. RAO: Well, I think in addition to the level of funding, we have to make sure that our Congressional Delegation and as well as all of any other groups that have leverage in Washington, try to change the structure of the Federal programs. Because, again, under the present structure, there is very little money available for restoring our interstates, and for replacing bridges. And so, if you simply double the level of funding, then instead of getting \$22 million dollars for interstate restoration, we'll get \$44 million dollars. Which won't go very far, and similiarly, in the bridge replacement area of that, we might get \$30 to \$35 million dollars now, we might get \$60 million dollars. But again, when we are faced with multi-million dollar needs in replacing our bridges and fixing our coal haul roads, and fixing our interstates, and completing the missing links, we need flexibility in that program to make a good leverage with our state money, and put thoses federal monies where the needs are there and where we can make progress in construction.

MR. LESCOVITZ: Thank you.

MR. PUNT: Just a question, which doesn't have anything to do with your testimony. Pardon my ignorance, but what is the State Transportation Advisory Committee?

MR. RAO: Okay. The Advisory Committee was established by the General Assembly in 1970, in Act 120, when the Department of Transportation was set up from the previous Department of Highways. It is a committee of 30 volunteer members, including the heads of the most major cabinet departments. It also includes, well, it includes 18 members from the public, 6 each appointed by Governor and the Speaker of the House, and Senate Pro-Tempore.

MR PUNT: Do you meet regularly?

MR. RAO: We meet about five or six times a year. In addition, the committee has a number of sub-committies that undertake analysis of specific issues. For example, at the present time, we have a sub-committee that is looking at toll financing. An other one that is looking at bridge policies and replacement policies for the State. And a third one that is looking at the impacts of Conrail and what the effects might be, on shipments over the next three years, as that are some changes in rates and services. And also service quality.

MR. PUNT: Thank you.

MR. KOLTER: Mr. Rao, your answer to Mr. Lescovitz's question relative to Rt. 60, in one breath you said you just started to review Rt. 60, then the second breath you say no how would traffic be heavy enough to pay for itself. I can't understand that being an intelligent remark. I feel, and we have studies made, just a truck traffic alone coming from New Castle, from Mercer, Mercer County, from Pittsburgh, from Youngstown coming into and through Beaver County, the heavy industrialized Beaver County. That the truck traffic alone would pay for this. As a matter of fact, if you're just reviewing this, you have

people here, from the Pennsylvania Turnpike Commission. People who are great expertise and management in this field, who could really help you on some of these figures. I wish you would review that, first, before you make this kind of statement. Because they're alarming to me. You know, we had, as Mr. Lescovitz pointed out, we had a survey taken in Beaver County. Eight-six percent of the people surveyed, business people, average tax payers, people next door, and 86% were in favor of a toll road out there, because that 16 mile is so very important to economic development of Beaver County, of New Castle, New Castle is practically a ghost town, because industry has no where to move their vehicles. Mercer County is hurting. We were in Beaver Falls for a hearing two weeks ago, and they had a whole bus load of business people come down and beg for a toll road there. Or, any way they can finance the completion of the 16 mile toll, you know. So, I think we have to look at this very carefully.

MR. RAO: First, Mr. Kolter, I fully agree, that I would like to see that missing link completed, and in fact, our studies are looking at how, at best, to about bringing, or making that possible. And, on the other hand, I would not want to lead this committee, or any one else, down the wrong path, to suggest the way to get it done, is simply to look at, for example, the traditional way of toll financing. Now, coming back to the question of how can we have a contradiction? By just looking at it, and at the same time jumping to conclusion about the traffic levels; first, we have reviewed some of the studies that have been made about the Beaver Valley expressway, as well as a number of other roads. Not only by studies by the Pennsylvania Department of Transportation, but by several consulting firms. And, in looking at that, that our questions about it, we can all measure the traffic today, but the question is, okay, what will happen to traffic over the next 20 or 30 years. And this is where you could tell the differences. Our review is concentrating on what will happen to traffic roads in the future. Also, how will traffic, that is there today, now, respond if tolls are enforced? Will they continue to use the roads, or will they try to find alternate routes? And this is the analysis that we are engaged in. Now, when I made my remarks about toll financing, and the traditional concept, which is fully paid for the construction, operation, maintenance, and so forth, that you need heavy traffic, that is, I think that can be very easily shown, simply, take in to account today's costs. What I am interested in is how can we bring about completion of the Beaver Valley missing links. And that may require departing from the traditional toll financing concept, and our review would not be finished, simply by looking at the traditional means. We would like to go in and take a look at what other innovative systems are there for funding. And, in fact, on the last page of my testimony, I referred to the concept of system funding, which does make the different sources that are possible.

MR. KOLTER: Just one further comment. You mentioned whether or not in the future, these

toll roads, if this 16 mile would be used, let me tell you, route 80 is a road that is in deplorable condition. I put my C.B. radio on when I travel back and forth between Beaver County and Harrisburg, and you just can't believe the remarks from not only the truckers, but people driving in their 4-wheelers, saying that they no longer will travel route 80, because it's such a bad road. Whereas, the Pennsylvania Turnpike is the best road in the United States. Time and time again I hear this.

MR. RAO: I think you are absolutely right, and I think this committee might want to get into what makes the turnpike such a good road. I think you'll find that there are many, many factors, including the excellent service quality provided on the turnpike. And also the fact that the traffic levels are very high. And, the question is, certainly, those levels of traffic are not experienced on all of the links that you're looking at in your investigation. And the question is will it work? I think that's the gray area that I'm also considering looking at.

MR. GEIST: I would like to follow up with a little bit with Vic and Joe. We've been through this thing for quite awhile. Which do you write down on the map? Let's talk about 60. Shouldn't we have our Pennsylvania match in order? We're talking about co-mingling of funds. One branch co-mingling that we're talking about is tolling. All you got to do is do your traffic projections. Based on the percentage of used, based on that percentage to have a percentage of the toll to make up the federal match that's missing. We're not talking about tolling entirely. Plus we'd talk about tolling and the maintenance. So, in all reality, the only thing about bond indebtedness retirement that you're talking about is that section of bonding that is made to make up the missing portion of the funds. So, we're really talking about short term bond indebtedness as far as I'm concerned. We're not talking about the long term bond indebtedness. And as a tool for building these highways, for building 60, for building the Appalachian Thruway. I see this as a really valuable means of doing it. We need the relief now from the Federal Government. And that's where our Department of Transportation and the people of your commission, have got to provide us with the numbers of what the traffics and loads, and what these are going to be. Some roads are not going to be totally tolled and maintained by tolls, because of the traffic volumes. But with the match, and what we provided, you know, some of us have gone down to the mat three times to give you people the money you need to operate over there. So, when you come back to this committee, and tell us we don't think we can do this, and we don't think we can do that, you know, what you're telling me is, look, I don't need your vote anymore in Altoona, I don't need your vote in Beaver Falls and I don't need your vote in Washington County. You know, I think that's a bunch of B.S.. As far as I'm concerned, I think there are ways in Pennsylvania that we can build these highways. I think that they're the economic life of a lot of our systems. I've said in three hearings, and I'll say it

again today, good highways don't guarantee your economic success in your community, but a bad highway system guarantees your economic demise. We've proved that over and over and over again, especially western Pennsylvania. Now it's about time we go about the business of putting together a funding formula that will build highways. So I'm on my soap box a little bit, and I don't like to hear the business that when our highway planners come back to us and say, no we can't do it because traffic volumes aren't there. One of the reasons why they aren't there, is because we've driven the traffic away.

MR. RAO: I don't think I've said anything that contradicts what you have said, Mr. Chairman. Once again to make it clear, I'm saying there are different ways of toll financing. Certainly the method that you are proposing is likely to be more feasible than the. . .

MR. GEIST: That's against the law right now, though.

MR. RAO: Well, that's a different problem, yeah. But, I've certainly not said anything that would contradict that. Once again, my interest is in making that link completed, not in what method is feasible and what is not. I would like to see that happen, but we have to work together, and work with the help of Washing, in this case.

MR. GEIST: One more question and then we'll excuse you. We've heard testimony given, and reports of the number of Gypsy trucks or truckers, as we call them, who fuel up in Ohio, or farther west, who drive across interstate 80, through New York without ever paying a cent in Pennsylvania. Do you have any numbers on this? And if not, do you have any numbers on axle mount taxes, and ton mile taxes that you have worked at in the commission?

MR. RAO: We have not looked at the subject recently. I think the Department of Transportation might have, and I think your inquiry should be directed to them on this topic.

MR. GEIST: Under your investigation, have you examined it?

MR. RAO: No, not in the toll financing study. We have restricted it to the road in question, not to the general subject of, rather, commercial traffic is paying the tax that it owed to the Commonwealth, under present laws. We have not looked into that.

MR. GEIST: Thank you very much. I'd like to take this opportunity to introduce our next speaker. I think that the biggest chairman of the Pennsylvania Turnpike is Joe Kolter, and when he dies, I think they ought to name a section, The Joe Kolter Memorial Parkway. He's been carrying your flag for three hearings now, and Jack, we're more than interested in listening to your testimony today, and I think some of us are more than interested in asking some questions. The floor is yours.

MR. GREENBLAT: Thank you. First of all, I think you should know that the only reason I'm still on the turnpike commission, is because there hasn't been a replacement placed for me. I had planned, really, to leave at the end of my commission. As you know, it's, I'm staying here at a considerable sacrifice to myself and to my family. However, two people have really been responsible for me probably staying. One of them is Governor

Shapp, who put me into the job, and the other is Joe Kolter, who introduced me to the problems of the Beaver Valley expressway. It's about three years ago that we started to study the Beaver Valley expressway. At that time, it really was the infancy of the belief, my belief, that maybe the toll road was the way to go. I have found through, and this is not my written testimony, I have found through considerable studies, that the Turnpike Commission should determine whether or not the commission should pay off its bonds and let the road go free. I have found that this was going to be an impossibility because one-half billion to one billion dollars would of have to have been spent. Gas taxes would of had to been raised 1½¢ to 2¢ just to cover the turnpike to keep it as it was to prove it as we have been able to do. And I read all of the reports, and all the reports said yes, let's get rid of the commission but let's keep the toll roads on. That's basis of about six reports that I have studied and read. When Representative Kolter took me to the Beaver Valley expressway, I began to see many of the things that Governor Shapp had discussed with me, about the failure of Pennsylvania to enlarge its, I suppose you call it the Southwest, but when I looked at what was happening at Beaver Valley, I looked at what was happening at Altoona, and I looked at what was happening Johnstown. Then I saw what was happening in Breezewood, and the various cities along the turnpike. I began to realize how desperately something had to be done. It was through that development that I determined I would stay as long as you will have me stay, to try to do the job for the Commonwealth that I can possibly do. Other than that, I would like to take politics out of my discussion, because they do enter a part. But I must say to you that, and before I go into my written, if you want me to speak upon that, I listened to the secretary. Almost everything he said, and I have great respect to the secretary, he is doing an impossible job over 40,000 miles. And Mr. Wilson and I have worked out some programs that might be a part of the overall State system, which I don't really feel we should discuss here. But, which embody many things that the secretary said, such as originally, fees on the highway system were fortunate to its use. That certainly the story of the turnpike. The fares directly used to build the highway. There is not tax money on toll roads. The users pay their way. Fees are declining, ours are increasing. We've had year after year of increased income. In fact, last year we had the largest income we ever had, and we haven't raised our rates since 1978. Usage increasing, and capital investment is going down. We have poured back into our highway, on the average of a \$40 million dollars a year. Plus the bond issue of \$79 million dollars. Bond issue was \$52, but it cost \$79. We didn't have to come back and issue other bonds, but through use of business ideas and proper investing, and things of other things, and some extra monies we developed, we didn't have to go back for additional bonds. We are completed as you know, almost all of the \$52 million dollar work. Haven't been able to go on

with the work that is necessary in the northeast, when we planned it in 1980, we would have been able to do it on a bond issue of, at that time we probably could have gotten away with about 7%, today we are looking at a 11% issue. Coal--certainly you have a problem with coal, in transporting it. Twenty-five years ago, Kentucky had the same problem. We think of Kentucky as a backwards state. They put in toll roads in Kentucky that are amazing. They are two lanes, in some cases, some of them are already paid off. But, what they've done is opened a whole section of Kentucky. Similiar to what we should be doing in improving in the area of New Castle and that entire area, not only New Castle, but to help the areas around, I'm not going to go from town to town. But these are things that could be done even today. There are many inovative ways of doing financing. Safety. certainly our record on safety is considered one one of the safest in the whole world. Options. The mix of financing, I'm going to discuss that. I'm going to take a lot of time and I don't want to do this if you want me to quit. The Federal investment. The toll free highway. I've met with federal people. I know some of their thinking. Mr. Wilson who is my executive director, I'm sure you all know him, formally secretary of PennDOT, and one of the men that I credit with the great success of our highway in the condition that it is kept in today. We work very closely together, it's a team job, and our whole staff works very closely together. I was thinking when you said about different states that have built in, we know those states, we met with them. There's Virginia, there's Maryland, there's Deleware, there's Florida, there's Kentucky, there's Oklahoma. We've gone out of our way, we've spoken around the country on the toll road concept. We have been around the world, and by the way, we didn't charge the turnpike for those trips, we did this on our own. I happen to have been in some of these countries on travels, and I made it my business. So we do have an idea what is going on world wide. I have to pay some respect, also, and I think Mr. Rao, maybe you didn't understand what he was trying to say. They're doing a good study. They have not involved us, except for one time. Again, you probably understand that. But the study that they're doing is needed, I don't think all phases of is what should have been done, because they didn't discuss the matter with us before, and we were only brought in at my request to the secretary. But Mr. Rao has been very very cooperative to us. Again, I want you to know that I think the secretary has an impossible job, and you as legislators have an impossible job to maintain what the monies that you have in the present condition, 40,000 miles of highway in this state. But, I tell you this, unless you develope a new philosophy, which is the one that seems to be developing, and I'm thrilled with it, because it's got to be you younger men who develope this philosophy to puch it through. That we don't put a road where the traffic already is, that's not the only place a road has to be. We have to put a road where traffic is going to develope and build those areas

of the Commonwealth. We're sick, gentlemen. We're sick... we don't have roads going to areas that should be developed. When I go up, and I've been there, I've been to New Castle, and I've talked to the people, Representative Kolter knows that. I can see it, I see it in Johnstown and Altoona. Governor Shapp, eight years ago told me, what was going to happen and the reasons why it was going to happen. At that time I wasn't on the turnpike commission, I was just a fiscal consultant, trying to find ways to help. Do you want me to go ahead and read all this, or would you rather have questions?

MR. GEIST: Questions.

MR. GREENBLAT: I thought you would. This is 20 minutes. I do feel gentlemen, however, that if you don't read this, you really will not get the flavor and the philosophy of what we're attempting to say, and I do really ask you to read it. There is hours and days and weeks of work put into this by my staff and by myself to develop this particular subject. But I will not tie you down to that. I'll take your questions. **TESTIMONY SUBMITTED.**

MR. GEIST: Thank you Jack. I have to go back to my early days as a highway designer. In 1966, one of the first projects as a structural engineer that I worked on was in Breezewood, on the by-pass. Doing the crack section on a four column bent long handed, and it took me 2½ weeks to crank out the numbers on the crack section design, which is really difficult. Everytime I pass some of that bridge going south, I'm amazed that it is still standing. But I think I have a real thought of appreciation for the business of highway building, and maintaining highways coming from my consulting background. I appreciate your remarks for today, and I think I'll save my questions for last, and let the committee members take over. We'll start with the back row with Tom.

MR. TIGUE: The use of toll roads, or the tolls itself, is looked upon as the users fee. Are there any parts of the turnpike which are not paying for themselves?

MR. GREENBLAT: That's an extremely important question. And one that is very difficult for me to answer directly. In my remarks, if you had the opportunity to read them, you will see that there are probably two or three, we're loosing to two or three in the mountain area that do not pay their way. However, the trucks that cross there, and come out at the gateway, or come out at the bridge, the Delaware River Bridge, or into Philadelphia. These all came from Breezewood, as an entry. I'm just speaking as Breezewood is only one. But this true in, perhaps, Beaver, and perhaps some of the other entries. We look at the northeast extension. There was a time when the northeast extension really did not pay for itself, per say, in its own. But the traffic that it developed for the main route, certainly helped to pay the overall picture of the turnpike. We've done considerable studies on it, and I would have to say that, to pick out an individual we could say, individually this is not paid, but in the overall picture we can not cut out or determine any part of the road that doesn't pay for itself.

MR. TIGUE: You said the last increase was in 1978.

MR. GREENBLAT: Yes, sir.

MR. TIGUE: What does it look like in the future?

MR. GREENBLAT: We have developed a five-year program. It started in 1978. It was the first time I know in the history of the pike, that we developed them. Exactly like business, we developed a five-year program. In delveloping that program, we took into consideration, several very basic points. Ant most of all, what would our, and by the way, we have updated it every year, so we have figures now going into 86. At the present time I see no need, under the current operations of the turnpike, to even think about increasing our income. We are adequately funded, we're putting additional monies away, and by the way, the reason for that increase, was two. . One, to pay for the new bond issues that was going to be issued in 1980, as well as the extensive amount of work that had to be done throughout the entire system. We know, very honestly, that the amount of employees and the productivity that is determined and necessary, has to be improved, not so much the quality of the people, but the productivity, which does not always depend on individuals. For instance, you probably read about our \$26 million dollar investment. We're funding that out of income. That's for the toll roads, for the toll factors in taking money and issueing money. We have increased our traffic by almost ten million vehicles, that period of time since the rate increase. And we're doing it with less people than we had then. That's because we put in new productivity methods . We know ways, that by 1986, that unless, and I don't like to discuss this in the open, but, unless in 1986 we are more productive or develope the need for less employees, we would have to have a rate increase approximately in 1986. And incidently, we've just done our new budget for the 1982-83 year, and it's exactly, it's almost impossible to believe, but we're almost exactly on the figures that we developed in 1978. It's hard to believe that, but we took into consideration, inflation, and all other factors that go along with that. And I'm extremely proud of that. That's the staff function. We worked very hard on that. So, I think your're asking me do we have to raise the rates? With what we have in mind with the new toll system, which is going to be helpful, would such things as we've done by enlarging the types of vehicles that we bought to cut down the number of vehicles that we needed in truck train. I don't know if you are aware of this, but we use entirely Macke Trucks today. The length life of a Macke Truck has now been extended from what we were using, three year trucks, such as the low bid system, we're now getting ten years out of our vehicles. For certain things that we are doing. Alot is not to buy vehicles, but to pour that money back into the road. And getting better equipment. These vehicles push 11 foot plows. Those plows enable us to do a three snow train, rather than a four snow train, as we did in the past.

Which meant, we eliminated one truck from each shed, and two employees from each shed. We got to continue down this path if we are gonna increase our productivity, so that we don't have to increase prices. Maybe I was lengthy?, but I wanted to give you a background.

MR. TIGUE: That was fine. One more question. In your opinion, should we be looking more towards maintenance of what we have, perhaps the improvement on the maintenance, than we should be at new construction?

MR. GREENBLAT: Well, no. I think you need both. I think you need a entirely new concept of where you're going. I think that's what you are developing out of this particular committee. I have been reading some of the reports that have been coming through, I went before another house committee, and I see a youth, a new type of thinking that is being developed. We got to move today to better the Commonwealth. And, of course, that happens to join in with most businessmen, which I come from the area of business. No. if you just go on with what you got, you'll go downhill. It's like business. And that's what happening to business. You don't go on a steady line. If you don't go up, you do down. That's what you'll continue to do. Even though you put into highways, a better maintenance, what are you going to do with Beaver Valley expressway? What are you going to do with the things around Pittsburgh, around Philadelphia? You cannot just stop, you have to continue ahead, or you will continue to loose population, and business, and taxes from outside sources.

MR. TIGUE: I have no further questions. Thank you, Mr. Speaker.

MR. PUNT: Jack, I'd like to commend you, first of all, I think the commission has done a superb job. You and your associates, and Jim, I have no complaints with. The only fact of the entire system, Pennsylvania Turnpike System, I only have one complaint, and that is that you hired to many Democrats!

MR. GREENBLAT: That's not true. But I'll accept that.

MR. PUNT: Well, I think one is to many!

MR. GREENBLAT: Okay.

MR. PUNT: So now that you know, even on the KOLTER MEMORIAL EXPRESSWAY! No, seriously, there are several questions I would likt to ask you. What is your total mileage for the turnpike?

MR. GREENBLAT: 470 miles, total. That's one lane mile. We are four lanes, so except for the tunnel, you would have to multiply that by 4. But, it's really only 470 miles.

MR. PUNT: And what is your maintenance cost?

MR. GREENBLAT: Our total budget for maintenance of all kinds, that includes toll collections, including the tunnels that we must maintain, all the highway other than the strong repairs, this year for 1982, will be approximately \$72 million dollars.

MR. PUNT: \$72. Is that the total operating cost?

MR. GREENBLAT: That's the total operating cost, that's everything.

MR. PUNT: That's figured, yep, salaries, weight, everything?

MR. GREENBLAT: Everything...

MR. PUNT: Okay.

MR. GREENBLAT: Except it does not, when we bid to have rehabilitation of the current highway, we will be spending additional monies, of course, for that purpose.

MR. PUNT: How many employees do you have, approximately?

MR. GREENBLAT: Approximately 1,800 totally.

MR. PUNT: 18 total? And how many of those are involved with maintenance?

MR. GREENBLAT: Approximately 500. That doesn't include the tunnel maintainers.

MR. PUNT: If we are looking seriously at a toll system. What do you vision, should be a toll system, in the interstates. To what extent should we carry this? In your estimation?

MR. GREENBLAT: I agreed with what the secretary, and I think what Mr. Rao said will eventually come out with. There has got to be a grid system developed. I have a little different idea. I don't believe, for instance, that a highway that only carries, for instance, they were talking about, in my area, tolling route 78. I don't know if you know where that is, but that's from the Jersey line to route 78, which definitely is a very seriously needed highway. There you would get a mixture, a great mixture, of local traffic, and you would get a greater mixture of people just traveling between Easton and Allentown, and Easton and Volgelsville, and so forth and so on. That I don't believe should be tolled. I believe a highway that receives over 50% of, unless there is certain exceptions to that rule by the way, 50% commercial traffic and out of state traffic. That's a possible toll road. I look at such things as route, is it 90 from Easton, it's just to bad in the area. I look at the area south of the turnpike going into Maryland, which is falling apart, as I know. I look at for instance, in the east, and I just can't believe that we shouldn't have a toll road on what they call the Blue Route. To me, that's one part, I think around part of Pittsburgh should be tolled. If that's the only way we can go. And I think it's the only way you're going to end up going. I think it has to be worked in with the entire overall system of development in this state. You know, thing that really bothers me, and again, I want to take politics out of it, but it's very difficult. We sat and planned to go along with your house bill, we looked at it. We're in favor of it, we think it's the right start, the right place to be. We even came out of our own and decided we would put up 800,000 dollars of our own money for a financial feasibility study. And to do that, we had to get the approval of the consulting engineer, and the approval of the trustee. You know, we don't just make

our own rules. We have to follow the indenture to the T. We've been refused that permission. Not refused it, but we couldn't get the third vote to make it go. Having had that permission, I would say that by next July, from the time we started asking for it, this coming July or maybe, and I had asked for a speed-up, but we were spending a little extra money. We might of had exact figures of the questions that are in the back of your minds at the present time. I know you asked the question, and Mr. Rao, Rudy has done the study, but is incapable, because he's got financial restraints. The State has financial restraints. And I had talked to Mr. Potts, and I talked to Mr. Kolter about the need for financial feasibility studies. And I continue to go over it as you read this. We'd of been much more intelligently speaking to each other, but I don't think we should stop because I have been turned down, maybe you should do that. Start a feasibility study.

MR. PUNT: Under a toll system, how would you recommend it be handled? Who's responsibility should it be?

MR. GREENBLAT: If you are speaking to me personally, as an individual, I certainly wouldn't want to be the guy in charge of that new toll system, because that is going to be a tremendous job. Wherever a toll system, and I talked to the states, where an authority has been taken and has been put under, say, the Florida dot, or as I believe it was just done in Maryland and Indiana. They have had such a problem they don't know where to turn. Not because the Department of Transportations are not adequate or able to handle it. Because it's a completely a different type of an operation than a public highway. A toll road, you give other things besides just a road. You must give the better road, but people are paying and they must get service. And that's pretty difficult to ask a PennDOT man to think, and we've found that when we transferred or hired PennDOT people and put them on a highway, we have to do a complete retraining job on these people, and we made some bad mistakes by what we thought was bringing over that type of person who could do a job. But they weren't trained in giving service, per say. Is this the question you're asking?

MR. PUNT: Partially.

MR. GREENBLAT: That's only part of it. There's other things to get involved. Florida, for instance, just to give you an idea of what happened down there. They originally put their maintenance crews on the Florida turnpike. It didn't work out. So what they decided to do was to hire outside contractors to do the maintenance, in place of the Florida Dot people. When the bids came in, they came in so high, they couldn't afford even to think about it. And they're still trying to work themselves out of that problem. This is the type of thing, so what I'm really saying to you is, yes, there should be a centralized turnpike authority. Someone with experience and training, and know-how and

knowledge. First, we could run the Beaver Valley expressway, practically with hardly any additional employees other than toll takers. We could do it within our own engineering department. We discussed it. We could do it with our own maintenance crews, at the present time. We may have to enlarge one by four men and two trucks. Things like that, you see, we can do. Now, whether PennDOT can come in and take over, and get rid of all our people, or take them in, and work it to their system, perhaps they can. But the level of service would have to drop.

MR. PUNT: If we decided to go the route of toll system, and told the commission, it's going to be your responsibility. Would you take it, could you take it?

MR. GREENBLAT: Yes.

MR. PUNT: Would you have any problems from taking it?

MR. GREENBLAT: Oh, we'd have to enlarge our, we have the thinnest staff, probably in the whole state.

MR. PUNT: But you could administer the system?

MR. GREENBLAT: We could administer.

MR. PUNT: Administer and run the system?

MR. GREENBLAT: Yes, we could administer and run the system, and we could develop the system. We'd need additional help on income, but we would be able to do it.

MR. PUNT: When you say additional help on income, particularly income. What do you mean by that? Would tolls take care of that need for additional income?

MR. GREENBLAT: I want to rephrase that term, I think I used it loosely when I said income. If you were to assign us to task of developing a toll road system at this particular time, and we were able to find the necessary financial monies to do it, we would be spending a great deal of money in the beginning. That would come out of bond money, or a comingling of money, or as I say it, resource pulling. Which is a new way of financing. Not only the turnpikes, but financing many, many things in this state, and in the state highway system. You know, we're still living back in 1955. It's now 1982, and we're very close to 1990, and we got to think in those terms. You guys can do it, I'm 64 and I'm not so sure I can think that far ahead anymore, or care. But, that's the way you have to think. And that's the way I've been thinking, and the way my staff has been thinking, regarding, what we call, resource pulling.

MR. PUNT: I thank you for the answers, and I chided with you a little bit at the beginning, but I reiterate. I think the commission has done a superb job, in the idea to abolish the commission and put the turnpike system under PennDOT is ludicrous. I'd just like you to continue on doing the job that you have been doing. But--- hire a few more REPUBLICANS! Thank you.

MR. KOLTER: I have no questions.

MR. DAVIES: Yes, I am a little bit uncertain about that concern is that because of the fact that, in your studies and remarks you made about Easton to Allentown. Studies of things like the Garden State Parkway, and things like that, those are not feasible systems. What prompts you to take that

MR. GREENBLAT: Probably what I said is another thing. May I just talk philosophy with you a moment? We would be able to change our methods of financing commercial vehicles on a highway, at a substantial savings, for instance, to the turnpike in itself. However, in order, and we have worked this on computers, and we developed all kinds of programs. When we got down to the final figures, we found out that the class 6 and 7 vehicle, strictly class 6, which is a major vehicle using our highway today, I would say. We would be reducing their costs, because we could only measure their axles, you see. We wouldn't be measuring their weight. We would be increasing the costs of the 2, 3, and 4 vehicles, or our farm vehicles, or our own people, who, in you, lies the turnpike in Pennsylvania itself. So, we felt that that was an unfair levie on our own people, so therefore, we went along with the system we are now doing. We had to develop that to make that decision on what type of toll collection system that we were going to do that. So, that's part of our philosophy. The people of the Commonwealth must be served first. Now, if we could do this without charging as much to the people of the Commonwealth, and get our monies from the people who use it more, for instance, how many people really use from the Commonwealth today, there are 66 million, well, there were, there is more now. There are 66 million vehicles that cross the turnpike. If you put two people in each vehicle, you've got more than half of the United States crossing that road on the Pennsylvania Turnpike every year. Yet, over 50% of those vehicles themselves are either out of state vehicles, or commercial vehicles. Who are really paying their way by weight and so forth. You say to us, how do you develop your highway. How do you maintain it, in comparison with PennDOT? There's two things. We were fortunate enough to decide 6 years ago, that we had to go into a complete rebuilding job, and pour the money back on to that road, at 4½ inch overlays. I think we've completed the whole highway in this period of time, with the exception of the northeast extension, which will be completed in the next 2 years. We will have rebuilt almost, entirely, the entire highways. And we spent a fortune of monies putting it back in there. We got a lot of that money from the trucking industry. For instance, certainly the commercial industry, which represents only about 15% of our traffic, actually provides us with over 52% of our income. Which I think may be interesting to you. Whereas you are not getting one dime from the out of state vehicle that crosses your roads, and you're paying for them. Am I boring? I don't want to tie you up on this thing for a long time. But you're not getting any money from them. Actually, they're paying their way, and they're

traveling on our road for money, instead of route 80, in increasing amounts. Because it's cheaper for them to travel in the sense of less expensive per mile to travel on our highway. And they tell us this. They don't want tolls, and I can understand this. But it's less expensive for them to travel on our highway, because they don't have the potholes, they don't have the break downs, they don't have the lights, and they don't have the problems, and they also get the service.

MR. DAVIES: By the same token that with a system like that, are there problems that they have because of the, not stop and go nature, but the frequency of interchange on something like the Garden State Parkway, would be deterrent then. Are you saying that is a deterrent?

MR. GREENBLAT: You and I are comparing apples and oranges, I think. No, because there are ways of improving the Garden State Parkway, so that you don't have stop like you do on the Connecticut thruway. Every so often drop in money. I worked a little bit, and my staff has worked very close, with the Florida Turnpike on the developement of two things. They developed a new part of their turnpike, down into the southern regions south of Miami. Maybe you've travel it on the way to Key West. And they have done a pretty terrific job of eliminating stations where you stop. We also told them how we raised rates. They were turned down on raising rates, and we explained to them, the necessity, and they finally raised their rates, which are higher than ours, by the way. But we explained to them why our Legislature accepts that raise, and what's happened to our businessess since we did raise it. So, no, I don't think that particular thing enters into the subject, sir.

MR. DAVIES: On that other subject that you hit on about encouraging the intra state is for the benefit of those for the Commonwealth. Is there a way in which you can give such things as a use ticket, or a comuter ticket, or anything like that, that would be an incentive for those people within the Commonwealth, and would give them a break over the less frequent use from out of state, or would we say, a constitutional question of a restraint of interstate trade?

MR. GREENBLAT: I don't think I'm qualified at this time, to answer that, except to tell you that, that system is utilized in this manner. Assuming that you got on the, it can't be done on the turnpike, because of the close barrier system, but assuming that we were on 219, and we had 6 or 7 interchanges, we would probably not have a stop on the road. We would have somebody drive off, as you seen on the Atlantic City Expressway, and drop their money, and they would be traveling from in between, which would be local travelers, and their cost would be lower. That is, I believe, legal, and I believe, possibly could be done. We have not studied that in its entirety. But, I see what you are driving at, and it is in the back of our minds.

MR. DAVIES: Do any of them at all, use any place, a token system, which is sold on a reduce, that they could get one?

MR. GREENBLAT: Oh yes, as a matter of fact, our new system that we've developed, will enable you to purchase in advance, your tolls. You will get a discount in advance, for buying those. And then, we will gradually implement that into our system. The purpose of course, was to help the traveler, around Pittsburgh and Philadelphia, so that he can get through there as quickly as possible. This new system will enable us to move our traffic at about, not more than about 2.7 seconds. That's not very long. We just passed 2.7 seconds. We've now moved the vehicle through. Now it takes us considerably longer than that, not to much longer, maybe 7 to 8 seconds. But if you understand, that means that we need less people, less toll booths, to move the same amount of traffic through our roads. And we're studing that at all times.

MR. DAVIES: Thank you.

MR. LESCOVITZ: The turnpike now has exits of 9 miles, 38 miles, 25 miles, and I'm sure you've done some studies on the problems on the Beaver Valley Expressway, or you are aware of them, the problems of the city of Pittsburgh, East Street exit, and there's a section that may go down through one of my counties, Washington County, down through Speers. What are the problems in these short stop exits? Do you see any problems in that? Would you rather see them going straight to the turnpike, or to Rt. 70, or would there be short exits along there? Are there problems with that?

MR. GREENBLAT: Well, whenever you have exits, you have problems. Because the cost of an interchange is considerable. Let me say this, each one stands on its own. The Ohio Turnpike, as you probably know, is almost paid off. They've been talking for 35 years about paying off the turnpike. When they stop with the political sub-divisions, and everything about the, and bringing it up to grade, they thought they were going to have to spend \$6 billion dollars on the Ohio Turnpike. And now, they've got two or three different groups of people saying, don't pay off the Ohio Turnpike, or if you do, keep the tolls on. We're always under pressure, you understand, to put an interchange here, and you know, I'm from Lehigh County, they want one in Emmaus and so forth and so on. They're not financially feasible to do that. I don't know the problems. Each interchange has to stand on its own.

MR. LESCOVITZ: As far as route 80, and some of the other major highways, you have talked with anybody throughout the United States on whether they feel that we can toll some of these major highways. Have you had the opportunity to talk to any other commissions, such as Florida or Indiana? What is their feelings on that?

MR. GREENBLAT: I've talked to them all, practically. I've had meetings with every chairman throughout the country. As a matter of fact, Mr. Wilson and I spent an hour

and a half with Mr. Barnhouse, the director of the Federal Highway System, under Secretary Lewis. Mr. Barnhouse was formally a member of the commission of the Texas Turnpike Authority. And I had known him when he was on the turnpike authority, so we really had a great reception. We took a couple Senators time, I know that, because they were in there waiting for us and he wouldn't let out. His feeling at the time, his final feeling when he left, he said, hey Greenblat, I agree with you, but if you want to change the world in 10 minutes, it just can't be done. There was something skipped in a question that you asked, which is going to answer your question, a question that you asked Secretary Larson. What is the feeling of the Federal Government regarding toll roads? In 1979, there was a study being made about the Federal Highway System, made by I don't know who, it was a tremendous study which took about 2½ years. Had to be reported in before 1980. The system, basically, and I'm just going to bring it down to one thing. The idea was, how much money would it take to free the turnpikes, let's have free highways throughout the United States, and so forth. And when they got done, it was \$8½ billion dollars to free the turnpike, but with the things attached to it, it was \$32 billion dollars, I believe I sent the study over, I'm not sure, I did maybe send it to Mr. Potts at that time. And so they said, you know, we can't afford to free all the turnpikes at one time, what should we do about them. Well, he said, interesting enough, and I'm just paraphrasing what they said in long words and paragraphs, interesting enough, there is a whole new thinking taking place. That maybe the user pays, and this is going back to 79 in Carters time, who really was not a user go user pay man. There was a saying that this is probably the way to go, and we have to leave this up to the states. But if we're going to recommend anything, we're going to recommend the status quo, because we don't believe that we want to upset the apple cart, and that's actually what happened. Does that answer to a degree, the question that you asked.

MR. LESCOVITZ: Thank you.

MR. GEIST: Well Jack, I guess I'm last man in the barrel. I have three questions for you, very simple. We keep getting the comparisons between the turnpike and PennDOT system when there are class one comparisons. As a past secretary, maybe you can turn to your right there. Do you find that this business of bouncing off personalities is cost us in the highway field, and do you feel this conflict of personalities is going to cost us in the future on toll roads?

MR. GREENBLAT: How do you mean conflict in personalities. I'm not quite sure I follow you.

MR. GEIST: Well, I think there are some bad personal feelings within certain areas. In regard to PennDOT, and bad personal feelings in regard to the turnpike.

MR. GREENBLAT: I would say that those are pleading things that should not be considered on the overall outlook on where you are going. I think that that will pass away in time, and you really have to look a little bit towards more of an overview of the situation and look at, what I consider, a rather small problem. The ultimate thought you have to remember is that, the State of Pennsylvania with the 45,000 miles system is a very, very large system, in compared with other states. It's probably not the largest, but it may be third or fourth, and it's probably one of the largest with a paved highway system. And one of the ways to get control on that, is maybe, and I noticed PennDOT is still talking about turning back some of the roads, maybe that's a partial answer. Maybe letting the turnpike some of the roads over will be another partial answer and you might wind up with a PennDOT of say, 25,000 to 30,000 miles of highway that would be more managable.

MR. GEIST: My third question is only this; In your long term projections for the turnpike, do you see more of the high tech innovations, such as electronic scanning, windshield stickers for billings, these types of things in Pennsylvania? Do you see us being the leader in the innovative uses and approaches to which the billings, maintenance, and construction, or are we going to stay status quo?

MR. GREENBLAT: Well, you sound like you are giving me a chance to pull my own horn. When I came on the commission 6 years ago, I was told that our system wouldn't last. And we had to have a new system. We've gone through 5 years of intensive study. We have now let the contract. Our new contract is newest state of the art. We are going to be the leaders. It's \$26 million dollars, gentlemen, and it's coming out of income. It's not coming out of taxes, bonds, or anything else. It's out of the money we're earning through the sale. And the purpose of that is not only such as you're saying, as the electronic scanning, which we are going to be injecting into the system, not at the start, because they have to work the system, as you understand, and continue to develop it. But, this system is built for the year 2000, not built for the year 1982. We will be, probably, and we are already, the talk of the nation, as far as the industry is concerned.

MR. GEIST: Jack, we thank you very much for appearing today. Just get the speed limit up to 65 since Joe came illegally.

MR. GREENBLAT: May I just call your attention, gentlemen, if I may. I have stressed throughout this whole discussion, the fact that we are way behind the rest of the world. And we are thinking in 1955, and there is new and innovative ways to finance toll roads. They're going to require, and I end it with this, it's going to require a certainly, non-political viewpoint towards things. A completely non-partisian development. And I see it developing in places like this. And it does my heart good, because this is the

only way we're ever going to have a good highway system in Pennsylvania. Thank you very much for the opportunity to speak.

MR. GEIST: Our next speaker will Marilyn Skolnick, Legislative Director of the League of Women Voters.

MS. SKOLNICK: The title is wrong. I'm the Urban Policy Transportation Director. I'm Marilyn Skolnick, Urban Policy Transportation Director for the League of Women Voters of Pennsylvania. **TESTIMONY SUBMITTED**

MR. GEIST: Thank you very much, Marilyn. I want to personally thank you for appearing here today. I work very closely with my League in Altoona, and I'm sure that we would like to probably to debate for one of the statements here, where it says the League opposes any new highway construction until a program of maintenance of existing runs underway. I happen to represent the city of Altoona, which is part of the Appalachian Thruway, and I would like to say that I'm 180 degrees opposed to that statement. I also heard that statement when we were talking about the swap tax, in the league, I heard that statement from the league when we were talking about the franchise tax, and I personally do not think that we can stand a deteriorating highway system while we do nothing but plan.

MS. SKOLNICK: Not planning, maintaining. We're saying that we are, well, that's why I interjected that one solution is to return some of the 45,000 miles of hot state operated and responsibility for the maintenance of highways in the state. It's impossible to expect a department to maintain in a rideable position, a highway system of so many miles. We are, what, the third highest in the state? Some of those miles, really, should not be state responsibilities. They are little segments going through municipalities, you gentlemen know that better than I do, I'm sure. It's ludicrous, and I think, probably politically, that was the way legislation was passed years ago, in order to get bond approval. Well, we are, as Mr. Greenblat said, in 1982, and we have to approach it a little differently. It's unrealistic to expect PennDOT to be able to provide the continuous maintenance for such an extensive highway, and then instead of keeping it at that length, increase the amount of mileage they're responsible for.

MR. GEIST: Let me rephrase that question again. I've already made my statement. We have a very limited time to complete the missing link program according to the Federal Mandate. It's a very limited amount of dollars. This paragraph is saying that we should forfeit the federal monies, and maintain the system. Are you sure you really want to say that?

MS. SKOLNICK: If those systems, now I know you gentlemen come from areas where you have missing links that are bones of contention with communities. I come from the western part of the state, and I-279 has been a bone of contention, which is why it

as never completed, for 20 years, and it still is. I understand that it's going to be continued action on the new part. So, I am not in a position to say that those absolutely have to be built, or the city of Pittsburgh is going to go down the tubes, or that they shouldn't be built, because without it, the city of Pittsburgh is going to go down the tubes. I'm not in that position.

MR. GEIST: Let me give this back to you again. The League of Women Voters, I hope, understand what we stand what we stand to forfeit, if we don't claim what is federally ours. We need an intergrated system, and we need them complete and built.

MS. SKOLNICK: We have an intergrated system, I feel we do. We have some missing links, but we have a very fine system. You must realize that our economic difficulties are not unique with Pennsylvania. There are states with fine highway systems, that are in the throws of terrible depression, that's why we are eluting to comprehensive planning. A case in point, which even more to the point, East Huntingon, which has the VW plant, had a special highway that was completed on its behalf. Last night on the news it said, 4,000 workers are being laid off in that area for 3 more weeks. Now, the highway did not solve the problems. You can't just say the highways are going to solve your economic problems. It takes a lot of additional planning, and so, you know, I'm a little uneasy when we say that if we loose that highway, we're going to loose everything.

MR. GEIST: When we say that, I want you to tell the farmer who can't traverse the bridge to take his milk to product in a truck, I want you to tell the independant steel hauler who has to make a 42 mile detour because a bridge is weight restricted, and he can't go into the plant.

MS. SKOLNICK: Or ambulances or school buses. I agree with you.

MR. GEIST: School buses from my district which can't get to the railroad because of the bridge problems. We've got terrible problems.

MS. SKOLNICK: We do, I know. But that is maintenance, not new construction. That's my problem. It's maintenance. If we had a well maintained system, there would be no problem. If you wanted to add more miles, fine. But you're reenforcing our concerns, that what we have is in such a deplorable state, that it's almost like saying I'm going to give you your home rent free, but we'll also give you another apartment right here, you are on a fixed income, and we know you can't afford it, but how could you pass up such a golden bargain? All this property. We know you don't have the money to maintain it. I can't see obligating ourselves further, if we can't now, as you said, farmers can't use bridges, school buses have to make detours because the existing bridge can't go in.

MR. GEIST: I think that you are meeting some disagreement with the panel today, because you are so into this. It is always surprising to me, to hear people who are very responsive in other areas, forward looking, to my personal feelings, as regressive in the abilities of us to build our innovative system. I think that's hard for me to comprehend, although I do appreciate your feelings to this.

MS. SKOLNICK: How do you suggest that we maintain our 45, 000 miles, I don't want to put words into your mouth, but I am really confused at this point. How are we going to maintain our state roads, the 45, 000 miles, which we all admit are in deplorable condition, I think we all are in agreement. How do you expect to maintain that and still add additional miles and be able to maintain them?

MR. GEIST: The Federal restraints that we are under are the mandating and where those monies are placed. What you're saying is to forfeit the new construction for maintenance and forfeit those matching dollars. Which our Pennsylvania taxpayers have paid out before. Now we have forfeited, and forfeited, and forfeited monies to other states, because we couldn't match, and now we in Pennsylvania have our financial house in order to the point that we can match. It's ludicrous to say we're not going to build new construction, and miss the matching federal dollars. It's all very ludicrous for us to say we do not favor the federal keeping their liquid fuel fund in order because we don't need new highways, we need to maintain what we have, and yet, every other state in this country has built off the Pennsylvania taxpayers. And we in Pennsylvania should have that right to build our highways in complete and finish our system. So that's the point that I'm trying to drive home.

MS. SKOLNICK: You still haven't answered the question, how we maintain the deplorable highways we now have, which is a part of the problem.

MR. GEIST: One of the solutions that we're looking at very closely, is the fact that tolls can pay maintenance. Thus, bringing maintenance dollars up to go into other parts of the system. Interstate 80 is a cross-state highway that the truckers refuse to travel on.

MS. SKOLNICK: I understand. They destroyed it and now they don't want to use it.

MR. GEIST: We do not have enough maintenance money allocated to even maintain interstate 80, it's not the fact that we need to rebuild it.

MS. SKOLNICK: Well, that's what I'm saying and I'm not hearing a solution. Tolling it, your going to need Congressional action, I guess you know what the law is, I don't have to tell you what that is.

MR. GEIST: We asked the League of Women Voters to appear to give us a solution.

MS. SKOLNICK: Well, we feel that tolling is an appropriate system, it's a last resort. If you can't do it any other way, that's the way to do it. You should

use other means. We certainly believe in mobility of people. And anything that hampers mobility of people, is kind of a detriment, and that's why I said you don't want to bulkanize the community.

MR. GEIST: Let me just ask one more thing and then I'll pass to other members. Could we request that the League of Women Voters come back to us with a position paper suggesting alternates, other than tolling or other ways, to maintain the system, and to finance the construction necessary so that we don't forfeit anymore monies. I think that would be very fair to ask.

MS. SKOLNICK: Yes, well, one suggestion I'm offering right now is to return alot of those roads, especially portions of them to the municipalities, but the funding to get them

side 1

MARILYN SKOLNICK:

local. You know you may have to do that out of general funds, I don't know.

Joan.

JOHN DAVIES:

Again, we have apples and oranges because some kind of shop where your not wearing two hats at the same time, since I know that you are on the safety.

MARILYN SKOLNICK:

Yes, but uh.

JOHN:

I'll just give you one example. One of those missing links is a segment of road known as 222 between Lancaster and Reading. It can't be, there isn't any way that you can maintain that road. Its gone. Its beyond repair. It must be replaced. We're killing people on it because of the condition of the road. It will never be unless you just go and reconstruct the imperfect? rather than have it replaced with one of those missing links as its supposed to be done. The frustration is to reach that and thats what we're looking at really. Not because the traffic that has been placed on the?

MARILYN INTERRUPTS:

No quarrel with that, I have no quarrel with that because.....

JOHN DAVIES:

Wait a minute, the traffic that has been placed on the old road to serve the normal commercial and small towns on the former road, the traffic there is now as heavy as it was on the former road only 7 years ago. See, the frustration for the politician is that when I started this job, I had one missing link. I know have four missing links going on roads that are, we might as well just say, rural country roads that have never been anything but widened to? in that additional traffic. And, every time that we have a death or a serious accident or somebody like that, the? ? is where is our relief from that traffic.

MARILYN:

Oh, I have no objections to that at all. I'm suggesting to replace or rebuild, that's sort of the same. I'm calling it maintenance. It's probably the wrong, It's rebuilding, I understand what your saying.

JOHN DAVIES:

It is actually replacing because the service on the former road is as heavy or heavier in that? short? time that it was formerly. And, that's a real problem we face. And when? traffic because of those links where people are delayed from a half hour ~~to~~ three quarters of an hour moving through?? I guess? this bridge, thats all was the? that I, but we have them and what we call the warm bypass in our sections, and I can name the other ones on 183. Just unbelievable. ^{Just unbelievable} The other thing that surprised me and I may be? (phrase) if you are going to re-work is the concept. I know its a very hot, a very contraversial more than anything else is the fact that you do not suggest that some form of high-speed ^{MASS TRANSIT}? not be considered with the building of the addition???? phrase?

Side
 MARILYN: Oh, that goes, I didn't deal with this at all simply because we were speaking in philosophical terms. No, that's absolutely, I mean one would be foolish not to plan for that. That's the way to the future. It certainly is, and we supported the high-speed rail commission concept and study. We feel that's ^{un} necessary.....?

I indicated alternatives should be considered in addition.

John: Oh, I'm sorry I missed that

TERRY: Marilyn, what the League's position on two-cent gas tax increase several years ago?

MARILYN: ~~Big headlines.~~ We had none.

TERRY: What was the League's position on the Franchise tax?

MARILYN: On the franchise, you mean the oil, we didn't have....., we didn't, no.

TERRY: What's your position on toll roads?

MARILYN: That's what I say. We feel it's a form of funding, ^{THAT'S} ~~and~~ a necessity. We are

.....

TERRY: Do you support it or not?

MS
 Uh, philosophically, we don't have a position either for or against it. ~~Your~~ ^{We're} dealing with ^{moving people and} ~~it~~ ^{THAT'S} one of the ways that one has to do it, I suppose that's the way it has to be. But we have not, I hate to sound so vague, but unless we have really studied the issue, now that sounds silly, [?] ... what it is I'm saying that we have not concentrated on the building of highways as a group or how you fund them as a group. We are going to be doing that. That's becoming more as its being focused more on the states and more on the local municipalities with the new philosophy of federalism, we're going to have to deal with it. Its something we're really going to have to deal with.

TERRY: When following your testimony, I think you want to eat your apple pie but you don't want to bake it. I would suggest that you do come back with some sincere concrete alternatives. I could not see anything here. You raised some good questions that this committee should be looking at if we choose to go to that route, certain things that we must consider. Alternatives, other than.

MARILYN: We are concerned let me tell you frankly, with people who are on entry level positions or minimum wage positions who have to seek employment in other communities for whatever reason and have to make use of toll roads. That will hamper people from being able to be gainfully employed in another area if the ^{only} way is through toll roads. It may sound silly, but to them that could make the difference between excepting a job and not because of the daily toll roads. So, proliferation of them is nothing that league would want even entertain, that's why I say it should be a source of funding of last resort if there is no other way.

Terry: Thats all. Thank you.

JK — Marilyn, I'll have to apologize for my rudeness incur with my concern term. Every once in a while we have to have a side of our conversation on some matters you know. You know, I think if I heard your testimony correct, I think your think is very similar to many of us up here. I think as the chairman noted earlier, in the past three years we have voted 3 tax increases, and heads are going to roll, heads always roll when you vote for tax increases; so we've come to the point where we are either going to stop construction or go to an alternate method and thats the purpose of this meeting here. I think if I heard you correctly, you said "after all was said and done, if there is no other way, than we can should perhaps go to toll road, is that uncorrect?"

MARILYN: Yes. Yes. As a resource of last resort.

Joe Kolter: I think thats more of our thinking up here too. Thats been my premise all along. You were talking earlier about road turnback. As a member of the transportation commission, thats a problem we've been working with for a number of years. I wish you'd come to our meeting next time we discuss this. I think I ought to let you know when we are having our next meeting on the subject matter. But the last meeting we had, we had some testimony there. We decided after the roads were rebuilt to everybody's satisfaction, that a decent figure to maintain these roads would be approximately \$3,500 a mile. In comes the lobbyists for local government. Your touch of surprise or so and so forth, they said wait a minute; if your turning back these road ...?..... we want an ...?... of \$6000 per mile. Therein lies our problem. Its hard to imagine 45,000 miles of Pennsylvania roadway, but can you imagine us trying to force local government to take ..?.....

MARILYN INTERRUPTS: Oh you can't.

Joe: You can't do it.

MARILYN: No, I mean you know. I understand that. I know what the problems are.

But, uh, I don't know. There's got to be a sensible solution and some of those local roads I think though could be returned, I mean small segments in particular.

I don't know if extensive roads, but

Joe: The only way we can do that, Marilyn, is to have an agreement for a figure thats an agreed to figure for the cost of repair or keeping these roads maintained. Hopefully, sometime in the near future, we'll have that figure, but I'm not going to hold my breath for it.

MARILYN: But it should be based on actual cost rather than you know somebody saying this is what we could do plus 10 percent to help pay for something else.

John? I want to add to that that the one guy said that we had a very^{? phrase} cost, we were^{? phrase} testimony from a^{phrase?} They want them back in top condition. And in addition to those costs, for them taking them over as a guarantee over and above a liquid fuel, The one guy said there was about 55,000 other^{phrase?} with a^{phrase?} another guy had in^{phrase?} in his area as 100,000.

MARILYN: Now you have to have some realistic figures otherwise. Anybody can throw anything into the pot.

TERRY: O.K Mr. Chairman

John: Marilyn, thank you very much. Sorry we're so tough with you.

MARILYN: Oh, no, no, thats the only way we have progress.

SPEAKER? Our next speaker, excuse me, will be Bob Latham who's the varsity designater hitter and a free agent^{phrase?} Bob, we have ~~a~~ copy^{ies} of your testimony up here. If you would like to proceed, your on.

Bob Latham: Mr. Chairman and members of (Testimony submitted)

RICK Geist? Bob thank you very much, and we'll go right to the^{phrase} John

Terry.

TERRY: ~~Well~~^{Bob}, just one question. Do you see any other alternative other than toll roads? ^{Bob:} You understand the situation that we are faced with[?] that either we complete the system or we are going to lose certain amount of dollars. We have to make a decision of what we're going to do.

TERRY: Do you feel that tolls are the way to go or do you have recommendation of any other alternatives?

Bob: Well, at this point, I guess I do not have any other recommendations. I understand that many of the major, or at least in conversations with the department, I have been told that many of these missing links are on the books and they're trying to fund them with the available dollars. I would say that personally, if the president's federalism program goes through, the tolls would be the only method that we have or the most feasible method we would have for completing these segments. Our official position with regards to toll roads is though that a feasibility study must be completed and we must be sure that the road will be able to maintain itself.

TERRY: Thats all, thank you.

~~Bob~~ Bob, I have no questions. We thank you very much for appearing today.

RICK Geist:

Rick Geist We're going out to Pennsylvania Motor Truck Ass. and Will Richardson will present testimony. The favor of the *..Ax.* will now tax. *William Richardson* would be *That* *word?* if we extend a trailer lane 65 feet.

Rick Geist: No promise.

Bill: Good going. HA, HA, HA!

Bill: My testimony is not that thick. There's some extra things there.

Rick: You about gave me a coronary!

Bill Mr. Chairman, members of the subcommittee, ladies and gentlemen: before I actually start my testimony, I should say in deference to the esteemed chairman of the Pennsylvania Turnpike Commission he is correct that not one dime is paid by trucks crossing the state of Pennsylvania for the privilege of doing so. Rather, its 179,499,000,000 dimes are paid. In 1979 the motor fuel taxes paid to the Commonwealth of Pa amounted to 179,499,000,000 dollars which represents 33.6 percents of the total fuel taxes paid to the state of Pennsylvania. Furthermore, it may come as a surprise to you that my industry was one of the industries who supported vigorously the formation of the Pa Turnpike Commission. That statement, however, will differ slightly from my testimony this morning, and I hope I will be given the opportunity to explain why. (TESTIMONY SUBMITTED &

READ)

after Page 4 Side 1

Side 2 Tape #3

Testimony interrupted

(Page 6 of testimony)

MR. RICHARDSON ADDS: Now that shows in column 3 under the open barrier system and that would be the total required bond issue (224.2 miles). Here I might interject that there are a number of ways to construct a turnpike or a toll system. One is the open *?* *.....* some 3,000 members in an association, and being a democratic association, there are many of our members on various issues take detrimental or opposite policies to that of the governing body which they are certainly entitled to do. But I want to assure you, I am representing my governing body's total position on interstate systems today.

RICK: Your doing it well, too.

MR. RICHARDSON: Thank you

RICK: Mr. Richardson,

MR. RICHARDSON: Yes sir.

RICK: How do feel about a proportional reduction in user fees for gasoline tax?

MR. RICHARDSON: If we find out that toll roads we open up, in fact, generate enough money not only to maintain the existing roads; *Rick:* say we end up with a *.....???*

MR. RICHARDSON; Well, thats an interesting question. Uh, and its a difficult one to answer because first, I would have to go beyond the barrier placed in front of me which is the

philosophy of toll roads. That philosophy very simply is we oppose them. But going beyond that barrier, if the legislature in its wisdom, again, Mr. Davies, would pass a toll road facility or a network, then I would think that would be an admirable way to protect commerce, protect the state's business opportunities, save employment, and keep the economy flowing. But I'm reluctant to say we'd favor it, because I can't philosophically ~~can't~~ get over the barrier of establishing tolls other than existing toll turnpike facilities that now exist. As my testimony indicated, except for the limited areas like Kentucky and the approach areas to other interstate projects where after 30 years tolls were mandated to be dropped and freed, I just don't think its going to happen. Uh, you know, this legislature and many legislatures across the country impose sales taxes. The sales tax was a temporary tax. I believe the wording is still a temporary tax. How long have we had the state sales tax? What I'm saying at is not as criticism to you, its just a historical fact. I don't think the tolls will come off unless the federal government mandates it.

RICK: I absolutely agree with you, but its a way of financing. I don't think you'll ever see license fees done away with or the gasoline tax done away with. There has to be some way to finance construction replacement, maintenance, etc. The other thing is, would you agree or disagree with the statement that this is the ultimate user fee? In fact, if I don't use I-80, I don't pay the toll.

MR. RICHARDSON: No, I don't think its the ultimate user fee, lets go back to the turnpike. The turnpike charges approximately 10 cents a mile for truck traffic. It can cost you \$300 to cross the system. But in addition to that, with all do respect to Chairman Green.....this morning, the truck that pays the turnpike toll has already paid the fuel tax to the state of PA to operate on that highway, his company is already subject to the gross receipt's tax in the state of PA for transportation business done in the state which goes for highways. Well, now wait, he's already subject and will be from 23 additional states to a share of our registration fee. What I'm saying to you is its a third and fourth structure tax which I don't think is proper. Thats all.

RICK??: I disagree with that, because in fact, the turnpike relies solely on tolls.

MR. RICHARDSON INTERRUPTS: Correct.

RICK: So the money you've paid in fuel tax etc. has not gotten the turnpike. You use the turnpike for convenience.

MR. RICHARDSON: It goes for maintenance of Pennsylvania's highways motor license fund.

RICK: which no one is obligated to use the turnpike. The turnpike is there as a

MR. RICHARDSON INTERRUPTS: as a convenience, right.

RICK: So, in essence what I'm saying is that is the ultimate user fee, for instance, if I have no access to an interstate in my area, lets say, which is not the case but hypothetically speaking, why should I have an increase in fees to constantly update roads which are a big cost which I never use?

MR. RICHARDSON: Well, now your getting into the value of the road to all the consumers and citizens of the Commonwealth. An interstate system first when it was designed in 1956 and created by President Eisenhower ^{spelling?} was officially named a ~~N~~ational system of interstate and defense highways. It was originally created after the of World War II when it was found that we could not move supplies necessary to keep our armies in Europe, it was designed as a means of improving the means of transportation of the necessities of life in this United States. The interstate system is not solely an interstate convenience system, it is a system which benefits every consumer and every citizen and every state through which it passes for the delivery of the necessities of life for the convenience of travel, for the necessity of business. ^{So} ~~So~~, in that sense, the interstate as having been paid for by the users, really everyone in the country should have paid for the interstate systems.

RICK: Well, they did.

MR. RICHARDSON: No, they didn't. If they don't drive a car on the interstate system and they don't use it, they literally didn't pay for it.

RICK: They paid for it indirectly in other words. Well, if they don't drive a car they have to use transportation, public transportation, of some way Uh, as far as the defense system goes, now we can get up to a large ^{aggression} ~~aggression~~ on that. The fact of the matter is the highways right now cannot move large defense things. And many things such as a tank have to be moved by ^{Rail?} And you know, at the defense is an argument for the interstate system, then we should be updating the rail system because the rails can handle things which highways are incapable of handling. We don't have the means of moving things of that nature.

SPEAKER? Thank you.

RICK?? Bill, can I go back a little bit to Tom's line of questioning in your statement on the convenience of the turnpike? You have a lot of truckers in your organization that would like to use Route 30, is that correct?

MR. RICHARDSON: Let me rephrase the question. They obviously use Route 30 because of the tolls on the turnpike. Theres a segment of my industry which, as you know right now, is very [?] hard press because of the economy, the general economy, that the bottom line is if they can save the toll on the turnpike, they'll go elsewhere. Thats simple business practice.

RICK: Harry in questioning related the amount of fuel that was necessary tothein Route 30 verses the amount of fuel to a turnpike. Do you have any figures on that?

MR. RICHARDSON: No, I don't. I would assume his testimony was the fact that it cost more to circumvent the turnpike then it would be to use the turnpike. That's correct. I don't think need any figures. I think its rather obvious because of the configuration of Route 30 for example.

SPEAKER:?? Great. Now will we transpose that up to Interstate 80. If interstate 80 is kept in its present condition on more which its doing every day. What are the alternative costs of the trucking industry?

MR. RICHARDSON: First off, I don't think again the federal government nor you gentlemen, in your wisdom are going to allow it to deteriorate. We're ~~going to~~ ^{going to} come up with the money to do the job somewhere along the way, but if it does, the cost can be quite substantial the same as the cost to a passenger car injuring components of the vehicle through potholes through deterioration of the roads, through water, through the use of salt. The cost per mile on a bad highway can be significantly higher than on a good highway. There's no question. I can't deny that at all.

RICK:?? I don't know what the rest of the members of the committee, but I know the feeling that I get fromon our transportation committee is simply this. ~~The~~ ^{The} local roads and local districts today would receive a priority higher than rebuilding interstate 80 because of the number of votes that interstate 80 really has.

MR. RICHARDSON: Well, I think

RICK?: I think the crookedest? crew is athing.

MR. RICHARDSON: I think your right.

RICK?: Interstate 80, to me, is a pass-through highway for trucking in Pennsylvania. Its not a commuter highway that can link economic centers within the state. We have got to come up with some methodology in this state to rebuild and regenerate our transportation system. And as John Davies ~~and other members have stated before~~ has stated and other members before, comehigh water its gotta be done whether the federal government participates or not. One of the reasons we're looking to you in your industry is for plausible solutions to this problem.

MR. RICHARDSON: This is one of the reasons why I mentioned later in my testimony near the end, that if I-80, lets stick right to I-80 just for a minute, (now you can also add all the other interstates if you want to as an), but I-80, if it were completely tolled, whether it be the open barrier system or the closed barrier system, and if the assumption is, (we've made a lot of assumptions this morning), if the assumption is that the federal

government says "O.K PA, we're ^{going to} ~~gonna~~ let you take I-80 that operates through Pennsylvania for three hundred and some odd miles and toll it, but you got to buy it back. All right. SO we buy it back for 385 million dollars and we own the highway, that is, we, meaning the Commonwealth of Pennsylvania. Now the problem that you get into, is are you going to lose future federal monies from the fact that you made I-80 or any other interstate system a toll road? I can't answer that this morning, and I don't think anybody in this committee can answer that. That's right. Its a difficult question and a big hurdle, because when you might be gaining some new revenues from the department of transportation to maintain our highway system, you may in turn be losing a 90 percent share or an increased maintenance in reconstruction share to handle I-80, and I think its something this committee has got to consider. Nobody's mentioned it this morning except myself, I'm not trying to pat myself on the back, but I think its a point that the lost revenue from the federal government could be very significant and might offset the tolling of the road.

SPEAKER:?? We thank you very much.

MR. RICHARDSON: Yes sir, my pleasure. It was a pleasure to be here.

MR. Ding
 SPEAKER: ~~This is fine.~~ ^{At this time} We're going to take a very short break for lunch and we'll return maybe 15 minutes late, just long enough to get a sandwich.

Walter
 NEW SPEAKER:improvement of construction of competitive toll free roads seeks failure to improve, maintain, and upgrade toll-free highways because of the competition to toll roads jeopardizes the function of over toll free highway network that represents a multi-billion dollar investment of highway user funds, And don't be deluded? with the idea that toll roads will enable us to pay off the mortgage and live in a house rent-free in our old age. Our seventh reason for opposition is that toll roads are self-perpetuating and seldom if ever become toll free . Reconstruction is necessary long before bond is retired requiring further bond issues and extension or even increases in tolls. And finally, eight, toll road financing bridge diversion of highway user funds and toll revenues from what we view is our sole justificationconstruction maintenance of our public highways. On regard to House Bill 1394, the proposed extension of the Pennsylvania Turnpike. Section 3 would authorize the turnpike commission to construct, operate, and maintain turnpikes at such specific locations and according to such schedule might befeasible and approved by the commission. We believe it would be more practical to authorize feasibility studies prior to the authorization of the construction of a specific new parts of this or any other highway. We understand that there has not been a comprehensive feasibility study including an origin and destination study for the respective

corridors indicated in House Bill 1394, but we certainly support having one made before anything was built. It is also noteworthy that many of this segments included in House Bill 1394 have since last summer been targeted for ground breaking as part of a regular highway program by the Pennsylvania Department of Transportation. Governor Thornburgh announced a last October 28 in Pittsburgh, for example, the bill in 381 refers to the East Street Valley Expressway as part of the western extension of the turnpike. This is one of the segments mentioned by the governor as being readied for ground breaking in the spring of 1982. At the same time the governor called for expediting of the final design work on the North Hills Expressway also referred to on House Bill 1394.

SPEAKER??: Let us now focus further on the question of whether to expand the existing 470 mile turnpike system or to go with conventional road construction via the line agency Penn Dot and its priority system. House Bill 1394, is of course the main proposal facing this legislature to and expand the current bestturnpike and from asouthwest extension at first to a much larger concept is finally approved by the House. First, it was voted out of your committee. The House Transportation Committeeby 13-3. At this point, I had the missing link of Route 60 as part of the turnpike expansion plan. It was later turned over to the Urban Affairs Committee whose subcommittee and second class cities and counties held a hearing on it on August 26 in Pittsburgh. Then it came back to the floor for final action and was passed by 165-13 on October 28 which many other sections of road added, perhaps as much as 250 miles more. IT has been in the Senate's hands ever since remains a question mark. Penn Dot is giving prime attention these days to maintenance as the Thornburg Administration has seen its highway mandate as keeping up what we have rather than building new roads. However, the department does have 99 million dollars or 8 percent of its motor license fund budget for 1982-1983 targeted for improvement the right of way in the next fiscal year and certainly has not abandoned construction in new roads and bridges where they are found to be truly needed. This, of course does not rule out the possibility of construction needs beyond the apartment's capabilities even with its improved revenue's situation thanks to the oil company franchise tax passed in 1981. Thus, we have organizations like the toll facilities task force that the State Transportation Committee hinting that PennDOT may need funding beyond its current capacity for though, toll finances may have to be considered in such instances. Even however. The task force warns that going to toll financing would not be a Hence, we feel it would be better to use the established procedure of working through the line transportation agency PennDOT,..... from the state Transportation Commission to determine our priorities and build roads in southwestern Pennsylvania and elsewhere

that are needed and can be made to link up with the existing turnpike system. According to the International Bridge, Tunnel, and Turnpike Ass. survey report dated January of 1981, for an ordinary passenger car to travel the Pennsylvania Turnpike as I said before, will cost an average of 2.3 cents per mile in tolls. This average translates into an effective gasoline tax of 46 cents per gallon for a vehicle that averages 20 miles per gallon, and that is just for tolls alone. This does not include the 11 cent per gallon state gasoline tax that he currently pays, nor does it include the amount of the 3½ percent wholesale franchise tax which is passed on to the consumer or the federal tax of 4 percent. There is no question that this toll system is well maintained, but well it should be at those tax rates. Is this what we want to see happen on a of passage of House Bill 1394? It is the position of the Pennsylvania AAA Federation, as I said before, but it is more economical and otherwise more desirable that all highway and bridge facilities be toll free. We would rather see governmental funds and energy as both the state and federal levels poured into the regular mainstream of highway financing so as to insure the continuation of regular revenue sources like the federal highway trust fund and the state motor license fund. With an assured funding base, Pennsylvania can go ahead with its program for interstates and other highways without an expensive toll system. When the need was demonstrated, AAA has supported adequate funding for the Transportation system. This has concluded pass supportive fuel tax and fee increases and support just last year of the oil company franchise tax. It seems ironic that we are faced with a request for a costly extension of the turnpike system when just last year the state approved the franchise tax (a tax that was to give us predictable funding to provide for new highway construction and proper maintenance) If indeed this does give us predictable and adequate funding, why can we not count on the established conventional highway funding base to provide us with the roads we need. We may have to go about new construction, gradually, but it certainly does seem reasonable to expect PennDOT as I said earlier to be able to build missing links, connections, and additions to our highway system piece by piece. Certainly toll financing in our opinion is not the way to go. It's simply too expensive. Thank you for listening to our point of view today. If you have any questions, I'll be glad to try to answer them.

~~SPEAKER~~ ^{MR. GEIST} Thank you, Bob. I have a couple questions I want to ask. Has AAA's nationally endorsed the 5 cents a gallon additional federal tax?

BM
SPEAKER: not to my knowledge, no.

MR. GEIST: Will AAA's endorse that national tax to replenish highway trust funds?

SPEAKER: I always say its pretty likely that we will if the trust fund is made a separate item from the regular federal budget.

MR. GEIST: Well, it always has been.

SPEAKER: Well, they're trying to make it even more of a separate item. There was something that my colleague John Ebersole wrote up here in our membership bulletin last month indicating that the American Automobile Association and the American Trucking Association have joined forces to urge that the federal highway trust fund be made independent of the unified government budget. And it talks about there being x number of billions of dollars in the fund and they want to make it totally separate items so its not part of the federal budget, and money can go into there and be assured of being used for highways. If we were given that assurance, I think probably nationally we'd support a tax increase.

MR. GEIST: If the federal government doesn't pass the four cents a gallon for liquid fuels for highways to make up up a 6.2 billion dollar just to hold the status, and if there aren't any majors put forth for us to complete our missing link program, the time limit and the federal mandate on completing the interstate system, what would AAA of Pennsylvania recommend for us to do to maintain our system as well as rebuild the systems such as Interstate 80 North that are wrecked.

SPEAKER: I think they'd probably support additional taxes on heavy trucks. That conflicts with the ^{1/4} testimony. Just a little bit.

MR. GEIST: I was..... hear about it.

SPEAKER: Bill Richardson took a different tact.

MR. GEIST: O.K. hire a passenger car registration fee, I suppose, but our feeling is that heavy trucks do not pay their share of the way.

SPEAKER: One of the figures thats been thrown out to and I, we've played around with is the fact that it would, to make up the difference inwould be about \$200 per car in Pennsylvania, not counting what it would be for trucks to make up that difference and so forth, per year. Its quite a significant figure and I think that this committee is, we've got to try to find some serious alternates to cover the possibilities. I don't think there's a member of the House of Representatives who would vote for a \$200 increase per year for passenger cars.

MR. GEIST: I hope not.

SPEAKER: And I don't think the AAA would back that either.

MR. GEIST: No sir, absolutely not.

SPEAKER: So, we're kind of stuck between a rock and a place in Pennsylvania, especially with our highway system. MR. GEIST: I have two more questions for you that I'd like to ask, first being, Would AAA back a system of tolls to pay for maintenance rather than reconstruction?

SPEAKER: I really doubt it. We've have to talk....., I don't think we would want to see tolls under any circumstances.

MR. GEIST: And, would AAA back a system of co-mingling funds to build new highways if a toll were used as a partial match?

SPEAKER: I can only say, but I doubt it.

MR. GEIST: All right. There's some very serious alternative methods of financing public highways presented in previous sessions, and the last question there in the two would be would AAA back legislation in the federal government to change the ownership of the right away to give the right away back to the states so that the states can go ahead and do rebuilding maintenance and regeneration work since we in Pennsylvania have our

SPEAKER: I think they would probably support that.

TOM TIGUE: couple statements. is I don't think we have any such thing as predictable funding in any That's a myth out there somewhere.

SPEAKER: Well, I think predictable funding can also come from cents per gallon on flat taxes.

MR. GEIST: I do too. A stable funding all depends on usage

SPEAKER?: I paid 19 cents less per gallon than I did

SPEAKER?: At any rate, I'm curious about this 46 cents which is equivalent 46 inch per gallon. You know, for a moment. Maybe that's what the cost should be if we want our roads in proper degree of maintenance.

SPEAKER?: You mean to increase the state tax?

SPEAKER?: Suppose we said we would increase the gas tax to 45 cents a gallon and we could get the roads up to the shape that the turnpike is in.

SPEAKER?: I think our answer would have to be what I said a few minutes ago that we feel that the heavy trucks are not paying a fair proportion, if you increase that considerably, we might consider an increase for passenger cars.

SPEAKER: figures. I don't have them in front of me, but it's simple to figure out the cost per gallon using your formula on the turnpike.

SPEAKER?: Yes.

SPEAKER?: what it would be on an interstate, any interstate?

SPEAKER?: If you calculate, if you took the registration fees paid, the percentages, what it would come out to, cost per year per driver

SPEAKER?: I'm sorry. I haven't calculated.....

SPEAKER INTERRUPTS: I know that. That would be a difficult thing to do.

OTHER SPEAKER INTERRUPTS: Based on the original cost of the road and all that stuff, I just can't respond to that..... I haven't studied that. It would be instructive to us.

SPEAKER?: And you don't like the idea of forcingonly using.....

SPEAKER?: It's not too practical.

JIM MARTINI??: Well, I'm confused by your main point.

SPEAKER?: Which is that?

JIM: Where you say toll road finance diversion of highway user funds and toll revenues from what we view as our sole justification.

SPEAKER? Well, what we mean is, if you have a lot of vehicles going to a toll facility, then there might be another road there or another bridge there, and the money would all get poured into the toll facility; the other road would not have as much money from the general revenue fought to be upgraded Take for instance ~~~~~

JIM?: Do you have the exact opposites? Because you would be paying less out of the *liquid* fuels money and you wouldn't be paying anything to pay for the toll facility out of liquid fuels revenue which would leave more money to pay for the other roads.

SPEAKER?: Well, you can look at it that way, I look at it the other way, but to be less money in general in the liquid fuel's fund or the voter license fund because there would be less revenue

JIM?:.....theres a reduction, reduction in travel, you'd still be traveling the same distance in miles in gas tax, but liquid fuel's tax would still remain the same. Only that money would keep going.....

SPEAKER?: Maybe I miscalculated. I just figured the amount of revenues would be less. And if I'm wrong, I'm wrong. I'm sorry.

JIM: One other point thats a very limited nature. I'll get back to Route 60 which is in my boss's district, which a 16.4 mile missing link, and whicha passenger car if they built that road would have to pay 17 cents per mile which is roughly \$2.78 in tolls. It works out to break even. Without that road in place, you add approximately an additional 12 miles to go to get to those two points over secondary roads and, and a figure I believe for midsize or even a compact party of 30 cents per mile to operate. I believe has those figures. So, your looking at roughly 30 to 35 cents, if 35 cents, it would be \$4.20 to converse that extra 12 miles and if you used a toll, you'd be netting out ahead as far as overall cost.

SPEAKER:?? I'm not quite sure I have followed your mathematics, Jim. But, uh

JIM: O.K. cost you \$2.78 to travel 16.4 miles.

SPEAKER: All right.

JIM: And by paying that, you are avoiding an additional 12 miles of depreciation and gas costs and everything else in your vehicle by 35 cents a mile.

SPEAKER: You tell that to motor.

JIM: saving yourself roughly \$1.20 or \$1.30 on that trip.

SPEAKER: Well, maybe in the end after it was all in place, yeah, maybe your right about that, I'm not sure. I'm not sure if that would apply in general to toll facilities. Maybe its one isolated place.

JIM: I don't have the mileage on the turnpike verses Route 30, but I think if their 2.3 cents per mile, cost, and the differential cost to operate the vehicle and the additional on 30, I think you'd find that you could save money by paying the toll.....turnpike by going ROute 30.

SPEAKER: Well then maybe we just feel that the end, more money will be spent if you start building toll facilities around the state again.

JIM?: John, do you have any questions.....John, do you have any questions?

JOHN: No, other than the fact that as of this represents the feeling of the executive council or the staff or exactly what the physician reflects or of the Executive bodies throughout the Commonwealth.

SPEAKER: Well, its a national AAA physician, John, to impose toll facilities just as a general principle. Our AAA federation as you know represents aaround the state, and they meet annually to decide on policies like this. Our board of directors approves policies in thepolicy against toll roads has been a conventional, traditional thing with AAA. We haven't had any recent change of heart about it. Its just, its been that way, our highway committee which is a committee made up of people from around the state from local clubs, is in support of this policy of generally opposing toll roads. So it reflects the staff here today, is reflecting the opinion of our board and our delegates AAA across the country.

JOHN?: The traditional past position in opposition....?.....

SPEAKER: That is correct, sir.

SPEAKER?: O.K. I apologize for being late. I had a conflict, two other committee meetings at one time.

SPEAKER?: That's o.k. Do you have your definition of ESP for us yet?

SPEAKER?: I gave it to John's secretary about 2 weeks ago.

JOHN: Yeah, I have it, I have it.

SPEAKER?: We thank you very much.

SPEAKER?: My pleasure. All you gentlemen, thank you for inviting us.

TOM TIGUE Was AAA opposed to the turnpike?

SPEAKER: I wasn't there at the time to know. I don't know. Probably in 1940 we were glad to see some kind of a road, but I just think that the general principle, we think

we have enough toll roads, lets improve what we have with our regular funding mechanism.

SPEAKER??: The next speaker, thank you very much, will be Ernest Miller, Pennsylvania State Grange Legislative Committee.

MR. GEIST: welcome aboard.

ERNEST MILLER: My testimony is going to be a little shorter and not quite so technical, I guess, I don't think in them technical terms. My English may not be as clear.

MR. GEIST: will understands.

SPEAKER?: I never have any trouble understanding.

ERNEST MILLER: Representative Geist and Members(Testimony submitted and Read)

TAPE 4 SIDE 1

Reharden of Tape 3 Side 1

NEW SPEAKER: ~~and barriers and allow~~and barriers and allow local traffic to go free and between them, and the closed system, which are the right hand three columns on that table, are systems similar to the Connecticut Turnpike and the Pennsylvania Turnpike where you have a ticket and you pay no matter where you exit or enter into the system. This 224 million dollar bond issue is a rock-bottom minimum amount and does not include any payback of the federal aid which went into the original construction of I-80. The actual bond issue required could (and I've underlined the word could) be well over 1 billion dollars if the state is required to pay back the entire 386 million of federal aids spent by 1979, and a closed system is selected which is the first column under the closed system. You will note 1.303 billion dollars. In view of the present highway construction costs, I-80 probably could not be replaced even in its present condition for 386 million dollars. Suppose that congress insists on payback of federal aid based on the current value of the Route. That could make the bonding requirements even higher than the 1.3 billion that you see here, in fact considerably higher. As a tax supported highway, working paper number 3 suggests that I-80 can be brought back to approximately as good as new condition for a total expenditure of 130 million dollars, that's shown in several columns under item number 3 construction, reconstruction, of highway 129.7, I rounded it off to 130 million dollars. Now there's a discrepancy here because working paper #2 on page 33 estimates that PennDOT says it would take 300 million. It depends on which figure you use. If you use a 300 million, then your even causing a bond issue and annual payments to exceed greatly what I've shown you in table #2. Now the 130 million dollars in itself, or whether its 300 million is no small amount. But look at the toll road alternative. According to working paper #3, if the federal government requires the state to repay the entire federal aid payments, now this is likely not unlikely for Interstate 80, the annual costs of operating this road as a toll road will be at least 131 million dollars a year. Thats the

bottom figure in column 1 under open medium barrier, Item number F annual revenue goal 131.5 million dollars. That's not a one time payment either, but a payment that would have to be made ^{every year} for 30 years, the estimated life of the bonds, and which would have to be collected in tolls for the use of Interstate 80. Now, gentlemen, simple arithmetic tells you that the 30 year toll would multiply out to almost 4 billion dollars in user costs to convert I-80 to a toll road in its most acceptable, cheapest form to do it. If a closed system is designed and selected by the state and your legislative wisdom, then the payback for 30 years and the user cost ~~for~~ for the system could well exceed 8 billion dollars for Interstate 80. But at the same time, don't forget the highway needs of the remainder of the entire Pennsylvania highway system would continue to grow, so the users of the toll road I-80 would be expected to continue to pay the highway use taxes to the state of Pennsylvania which they are paying today. So instead of paying I-80 once, with payments to maintain and reconstruct the highway as needed, the total alternative will charge the users of I-80 once to build the road, a second time to pay back the federal aid which was used to construct the road, and a third time or a major portion, thereof, to pay off the bonds and interest, maintain the toll facilities, continually upgraded and pay the salaries of the people necessary to administrate the system; and that third time could be the most expensive of all. Consequently, the costs of operating I-80 as a toll road will be in the neighborhood of three times the cost paid in highway user taxes for the use of tax supportive highways in the state. That would translate to increase shipping costs for businesses located in the I-80 corridor and will certainly decrease the economic benefits which the abiding communities received from this interstate route. In the long run, the economic development consequences for Pennsylvania of having a major portion of its interstate system subjective to tolls as well as highway user taxes will be clearly detrimental. Why should a business locate along a route where its shipments are subject to paying tolls as part of the freight as well as a highway user tax when in nearby states, the facility can be located along a highway subject only to highway user taxes. As we stated at the outset, there are no free highways. The issue is whether they will be tax supported highways or a highway subject to tolls to build a highways, tolls to pay the interest on the bonds, and highway user taxes in addition. Now let's review quickly what's happened to toll highways and major bridges in Pennsylvania and throughout the nation. Working paper #2 talks about a 30-year repayment of toll road bonds. Has that ever happened in the state of Pennsylvania, or anywhere else in the United States that anyone can recall on this type of a system? Once tolls have been established as a toll and a toll road open, it becomes possible to fund other toll facilities by refinancing the successful toll road. The Pennsylvania turnpike is an example. That's

what happened in Pennsylvania and to numerous other toll highways and bridges around the country. So in effect, the tolls go on essentially into perpetuity with no hope that they will ever come off. I might add here, except under the limited federal discussions that were held ^{by} my predecessor and the way I mentioned to you the minor connecting parts to toll facility. Even if the successful toll road is not used as a vehicle to develop other toll facilities or for other purposes, states are frequently reluctant to turn over responsibility for maintenance and rehabilitation of the toll road to often hard press state highway departments. So of reasons, once tolls have been established particularly on a long stretch of highway, they don't come off. The original section of the Pennsylvania Turnpike has now been open for more than 40 years and it could well still be a toll road 40 years from now. Let me touch briefly on two additional points. The official name of the interstate system is the National System of Interstate and Defense Highways. Toll roads present two kinds of problems for the defense organization. The first is the physical barrier which exists because of the toll or toll barriers, the movement of oversized military equipment through these barriers can be extremely difficult. Secondly, there is a financial and logistical problem in moving military convoys to toll facilities. Additional areas would have to be constructed to so do. Both of these problems can become severe when the toll facility is a bridge located on an otherwise free interstate system. Next, and I think this an important question which was not discussed too greatly this morning, there is a question of the amount of federal aid given up by the state as a consequence of toll facilities. Toll roads and bridges are invariably ^{the routes} which are put the heaviest travel corridors as you've heard, and hence carry very high volumes of traffic. Accordingly, the toll road or bridge either replaces an interstate or major primary route or competes with one. While the Reagan administration proposes to turn back to the states at least secondary and urban highways which have been receiving some degree of federal aid, it is in fact proposing to increase the federal assistance to the interstate system to provide funds for rehabilitation, reconstruction, and resurfacing in substantially larger amounts on a matching ratios. These federal funds would clearly be lost to Pennsylvania if I-80, I-90, or I-79 were converted to toll roads. Historically, Pennsylvania has gotten back approximately one dollar for every dollar paid in federal highway user taxes through travel in the state. That ratio would clearly change substantially in our opinion to the detriment of the state if any additional major toll roads were ^{inaugurated} ~~inaugurated~~, and I should add there particularly the interstate system. Finally, and in my opinion, most importantly is the question of need. Last Wednesday, March 10,

State Transportation Secretary Thomas Larson appearing before the Pennsylvania Senate Appropriation's Committee outlined a 1.2 billion dollar budget this year virtually unchanged from last year. Doctor Larson was quoted as saying "This has been a banner year for both highway construction and maintenance". He also reported that PennDOT budget calls for no new taxes or fee increases for the first time in three years. It would seem to me that PennDOT has not documented any need for additional revenues therefore removing the necessity or even seriously considering tolls as a means to finance any future highway projects at this time. Mr. Chairman, for all of these reasons, we strongly oppose any additional toll roads or toll bridges in the state of Pennsylvania. We recognize that at some future time, additional funding may be needed to rehabilitate and upgrade the Pennsylvania State Highway System. If additional highway user taxes are needed several years from now to do the job, we expect to pay our fair share. We certainly do not want to pay for these roads two or three times over because of the necessity of paying interest costs or repaying federal aid previously granted the state and paid for by the highway user and will strongly oppose any state or federal legislation to permit converting present interstate routes to toll roads. I thank you very much.

SPEAKER: Thank you, Bill?

RICK:??? We as a committee have been out looking for alternate methods to finance public roads. It surprises me in your statement that the paragraph that would seem to me that PennDOT is not documenting any need for additional revenues. Therefore, it would be a necessity, we've documented the needs here, just in the short.....6.2 billion dollars alone..... meetings now. Do you have figures that dispute those numbers?

BR SPEAKER: What I meant by my statement that PennDOT has not documented the need, last year, there are three areas; last year when, and incidentally my industry supported the old franchise tax because we felt it was a variable tax that was necessary to provide PennDOT with the needed funding that they had requested. If you remember that tax brought in approximately 192 million dollars. When I said that PennDOT had not documented any ~~needs~~ new need, that was the need that they requested the state legislature to pass. You gentlemen in your wisdom researched the problem and came up with a vote to pass them the money that they needed. In addition, the second area there are several other developments, one of which is the state's signing bilateral agreements and many of you may not realize this, with 23 different state jurisdictions to participate in what is known as a mini-international registration plan of registering commercial vehicles. This plan very simply assures that the truck operators operating in all of the various states of the United States pay a portion

of their license fee registration fees to the states in which they operate based on those state license fees and the percentage of miles operated in and through the state. In doing so the state of Pennsylvania expects to generate an additional 12 to 20 million dollars, and that's a wide range of 8 million and that's because they don't know the ultimate figure until they sign all the agreements that they plan over and above the 192 additional million dollars which was brought in last year. The third area which I briefly mentioned at the outset, is Pennsylvania's Motor Carrier's Road Tax Act which is really our fuel use law which requires all truck operators whether they be the state of Pennsylvania or out of state trucks to pay fees based on fuel taxes based on the amount of fuel that they burn or use in the state of Pennsylvania. They not only pay it if they buy it in the state, but if they don't buy it in the state they still must pay it quarterly and they are subject to audit based on the fuel consumed but bought elsewhere for operating it in the state of Pennsylvania. These three general areas, plus the new federalism from the federal level, which has not been finalized at this point, and the figures discussed by Dr. Larson and Dr. Rowe and this morning, would indicate in my opinion that a study like this that would cost the multi-billions of dollars as high as 8 billion for I-80 alone or 4 billion if you used the open barrier method are certainly not needed, they're premature at this particular time. Our opinion in our industry is that the best way to finance highways is still the original way through basic first, what we call first and second structure taxes, registration fees on vehicles, and fuel use taxes on vehicles. Now earlier this morning, the testimony indicated that if we were restricted to the 15 billion dollars that may or may not come from the federal government's sharing plans, but we would have a shortfall. But nobody this morning has brought up the fact that this is only one part of the financing system. If you take our theories which have been in use for 40 some years on the first and second structure taxes, look around at all of the states that still have low registration fees for passenger cars. Pennsylvania's being one of them. Look around other states that have low registration fees for commercial vehicles. Pennsylvania is not one of them. We are first of all the states that surround us with our \$1125 dollar fee. Proper enforcement of the laws on the books today, and an overview of the first structure taxes and registration fees for all vehicles, an overview of the second structure taxes of fuel taxes plus the increase in the influxive motor vehicles on the highway, we still feel has the means to be the first line defense for monies for the various highway departments including the state of Pennsylvania.

SPEAKER: Go back to the questions. Supposing a total reality, in order for Pennsylvania to rebuild a system that needs rebuilt now even without going to the missing links, our shortfall really isn't 6.2. It's something like 15 billion. What would you

propose if the federal government of our congress doesn't give us the liquid fuels monies ^{AS needed}
 what ^{do} you propose in Pennsylvania that we do as an alternate?

SPEAKER: Well, there a lot of assumptions that would have to be made and I guess you've made them for me, your assuming that the federal government does not pass the 5 cent tax , and the federalism would reduce the amount of revenue to the various states. I don't think either one of those are going to happen, but lets ^Make the assumption. Then, I think Pennsylvania's Department of Transportation in being the vehicle to come up with the legislature to the correct need, and I think the overview of what I've mentioned to you, has to be done. All classes of registration fees ^{for vehicles} has to be restudied. The fuel tax ^{AS} an enforcement, certainly might have to increase all along the line and the state of Pennsylvania should encourage all of the states in the east that are not members of the International Registration Plan, which shares in motor vehicle registrations and taxes should increase their efforts to get those states in, and I think that you'd find you'd have the money, in other words what I'm suggesting to you as an alternative is to return to the first and second structure taxes, review those systems,with the need at that time. Apparently, the need is not here at the moment, or Dr. Larson would have asked for money last year.

SPEAKER: I disagree with that. The need is that we cannot even complete the missing links.

SPEAKER: I understand that.

SPEAKER: That's been laid out to us indeed.

SPEAKER: I understand that.

SPEAKER: I think that to say ^{that} the need is not there, is really a false statement. I don't think theres anybody thats testified in a

SPEAKER: I'm not testifying that the need isn't there. I'm saying that the need is there, but the mechanicism to bring in the money to complete the missing links, if we do what we should do.

SPEAKER: All right. Let me pass on to.....

JOHN??: Mr. Richardson, I think if we were to maintain a status quo? as far as highways go, build no more new highways, just maintain what we have, I think maybe what you say makes a lot of sense, but we're here, we're responsible legislators, we see, there are areas of the Commonwealth that have to have improvements by completing these missing links. If we're going to complete these missing links, Mr. Richardson, how would you recommend we do this then, just missing links, alone?

MR. RICHARDSON: Well, our philosophy in my industry has always been since the industries initial beginning has been to finance highways through user taxes. And again, I reiterate those user taxes paid into the federal highway trust fund, and our dedicated fund here in Pennsylvania have generally done the job up ^{until} this point. I'm not saying that we should

discontinue that, I view tolls in my industry tolls as an expensive way to continue completing projects that are there. We're saying that you should examine the existing structures of registration fees and fuel use taxes coupled with determining exactly what the federal government is going to end up doing and then base your decisions on where we go. I simply think its too early to say we should and have the legislature say we should have toll roads until the federal government's made up its mind and until studies are done completely on all of the other means of taxation through user taxes on the highway.

Speaker: You know the way we're going if we do come to conclusion here today, what.....realize, hell, I doubt my we've been driving these missing links, you know. It takes a long time to pursue and complete what we're trying to do here. But if, Mr., at one of the meetings, (I don't recall whether it was Altoona or in Pittsburgh) stated that the way things are today, the monies we're getting from Washington, we're just barely able to meet the costs of highways in repair. Exceptwe come to this point of time when we had to do something. We had to build a new highway and there's, we sure as hell can't tax truckers any longer. We sure can't the cost of the passenger fee, and we're not going to vote for any more gasoline tax per gallon. What are we going to do?

MR. Richardson
SPEAKER: I think you have to increase registration fees and increase fuel taxes if the need comes to that because they're the fairest most equitable ways to raise additional money for highways. Anyother scheme I would hope that I've made it reasonably clear in working Paper #3 this morning particularly. Remember, Representative I've only spoken and in Table 2 with I-80 because that to me, is the one that the secretary is most interested in, based on his comments having served on the subcommittee of the Transportation Advisory Committee. Its the lead highway that they consider putting tolls on. This is only one highway, and if you set up bonding requirements and payments of 4 billion dollars over 30 years for that one highway, what about I-70 and I79 and I-83 and I-81? What your asking the consumers, the leag^{ue} of women voters, the AAA, every automobile, you and I, to bear is a cost that three times the cost of building a highway other^wise and asking us still to pay our regular registration fees and our regular fuel taxes. I'm simply saying if we work within the framework of established methods of highway user financing, we should not have to go to toll roads which can be three times as expensive in the long run. Bill, to show you where I'm coming from back in Beaver County and Lawrence County and Mercer County a survey was taken and 86 percent of the people in^{an} ~~emotionally-packed~~-type survey taken were in favor of a toll road to complete a missing link. With that thought in mind, thats how I will be guided. Furthermore, its my understanding that the AAA's in Ohio *polls* all their ^{three eight} numbers and they were in favor of maintaining their present toll system and even

going ahead with the future toll roads, That's in Ohio now.

SPEAKER: Let me answer that by saying, number one, when you ask aan individual ~~said~~ saidmyself included, perhaps yourself included too, a simple question, do you favor toll roads to complete a missing link? ^{SPEAKER:} Uh, I'm not so certain that they understand the ultimate costs of what we're talking about, when we're talking I-80 for example, I'm not sure they understand what it means in their pocket over the long run, a 25 cent toll for five miles down the road is not so much, but multiply that 25 cent toll by 100 times a year, or so many times a month for commuting, and your talking a substantial piece of inflation. Then there are separate areas that we've talked about, I'm almost sorry that I limited my testimony to I-80 this morning, but I think its still the most dramatic example of cost, multiply that, as I said, by all the other interstates and your talking herendous billions of dollars. There's a third area which is the missing link area or the extensions to the existing turnpike. As I said at the outset, my industry vigorously supported the creation and formation in the building of the Pennsylvania Turnpike. But thats different than I-80, I-80 was built by public funds which we contributed almost 35 percent to. The turnpike was nothing but an old railroad going through wilderness at the time it was built, That totally different concept. If you were saying to me that you should use toll roads for extensions of existing toll roads or to complete a missing link of a toll facility, than I might have a different, total different position than what I've taken this morning.

SPEAKER: The caption on the heading today was ~~Toll roads as an alternate method of financing the Interstate system~~, and I've limited myself to that, and our position in that is unalterably opposed at the present time, Missing link, totally different story, I might sit back and sit down with you, anyone of you, on the committee, and come to a different conclusion, but you see why they're different, Representative One was a highway cutout without federal funds and we built it with tolls, a marvelous facility, the best facility in the country, I've heard you say that up here today and its true, But now your talking I-80, its a totally different story; we built that road once.

SPEAKER INTERRUPTS: Now we have to build it again.

SPEAKER: Your probably right, because the interstate system when it was conceived and designed in 1956 was conceived and designed to last 20 years based on the traffic projections 20 years from 1956. That period was in 1976, The highways should fail, It was designed to fail literally after 20 years,

SPEAKER INTERRUPTS: It has,

SPEAKER: You see. And the statement this morning again, I must take deference with that out-of-state trucks are destroying I-80 simply isn't true, by PennDOT's own admission, The two most critical factors in highway deterioration are weather and total volume, and if you've

listened out in the western part of the state to PennDOT engineers, water and salt and the freeze-thaw system is the killer of our highway system, Truck traffic is only a minute part of, with the total traffic volume ^A part of that deterioration.

SPEAKER: Interstate 80, by the way, is not programmed to deteriorate until 1992. Its way ahead of schedule so, the only thing

SPEAKER: O.K.

SPEAKER: John?

SPEAKER:, I'm glad those last two points were made. Uh, the one thing I noticed of great variance in the first usage of legislative wisdom and the second usage, the first one was almost harsh" or evenquality while the second usage was much more soft and considerate, ^B But, that's neither here nor there. Uh, the problem, I agree, I think we're missing the point when we get to the cost of energy, and I think that everybody is a little out of, the out of it, as far as not saying that we should make a pure or a complete percentile relationship to the cost of energy, because all of these costs were passed on ^{to} ~~the~~ the consumer, and their all costs of our economic influence, so therefore, that was one of the things that has always been wrong with our system for our particular highways. It has never been and it will never bethat dual-type of system related to energy and related to those particular costs, and the only other thing is that I'm glad we've finally got to the point at the end, where we said ~~we~~ that we made them for 20 years, the was out of wack before the day that it was put into operation that wasn't functional even then, for the need wasn't built for all of the other factors that we did not have as maintenance, and those are the things that we're really going to have to look to. I don't care whether it's going to be the toll system, or how we're going to pay for it. There has to be a direct economic correlation between the costs of energy and how the pass-on is going to ultimately give to the consumer, and what restraints that's going to create to our entire commercial system as a out northeastern state that has needs that you wouldn't believe that the southwest and the sunshine in much of the west couldn't give a damn about, and that's the attitude as far as no matter where you go with their conferences or anything else. And that's the thing that we've got to lick. We've got to be able to get back to number 1, and I think we've got to sit down and have some serious meetings whether I have other ideas, but we just get into a philosophical argument on that as far as where the real pay should be. ^B But I think there's some things that have been said with this testimony that weren't said before that are real foods for thought by this committee as far as are we going to get the whole thing finally in We're going to be looking at it because it's going to effect the productivi

of this segment of the nation, and thats what we're all about,

SPEAKER: Your absolutely correct,

SPEAKER: No, No, I just didn't want to....., the other thing, I'm going to let it go because I know it will come up in committee. I have some different ideas as far as the where we're going to put the real

SPEAKER: Joe???

SPEAKER: Thank you, Mr. Chairman, Bill, back in view of tolls we had a number of trucking firms and one that comes to my mind more readily is Ed Chatterton? who definitely stated without a question or without a shadow of a doubt, he's in favor of toll roads because this particular route is so important. But again, we're talking about what you explained, We're talking about the extension of the Pennsylvania Turnpike to the southwestern region of the Commonwealth. Now, he was in favor of tolling that road.

Paul
SPEAKER: I'm aware of that. That's interesting to note, I'm here before you today with a solid industry-governing body policy decision opposing tolls on the interstate system, My association has taken no position whatsoever on the extension of the turnpike and the bills in question for the extension of the turnpike. Secondly, as in any democratic trade association which is governed by an executive committee or a board of directors, ~~Tape 4 Side 2~~ *Tape 3 Side 2* *E. Arnest Aug* **SPEAKER!** know this highway should be used only on this highway for maintenance and major repairs, This proves to be a ~~liable~~ *viable* means ~~for~~ *to improve*..... system, the other interstate highways and bridges could be included in the toll systemtheir condition, and the condition of connecting roads, The Pennsylvania State Grange caused quite a stir in Altoona when the policy was adopted. People seemed surprised *, that*, a large group would incorporate policy in favor of paying tolls. The people of rural Pennsylvania showed that they are concerned enough about the condition and safety of Interstate 80 that they would be willing to pay their share, Interstate 80 is one of the most heavily traveled highways in the state, It is in a sad state of despair. It will take a good bit of funding to reconstruct and maintain it to the top shape it should be for safe travel. Statistics in the *S D* State Department of Transportation show that the following volumes of traffic in both directions on an average day on Interstate 80 for these interchanges: *209-32,200* vehicles, 380-20,300 vehicles, and 220-18,000 *200* vehicles. Interstate 80 has received a lot of attention in the ~~present and the past few~~ *press in the past* years. The unusually large pothole ~~found on~~ *found on* ~~some~~ *some* sections of the highway are made for some pretty amusing photographs. However, there is nothing amusing about the danger to the safety of those drivers who have the trouble on Interstate 80. State and federal funding, again this year is extremely tight. All we hear about is the cuts being made in all areas *of govt.* in order to balance the budget and decrease the large deficit our country has accumulated. The new state oil franchise tax built for, some additional highway funding,

Highways such as interstate 80 have deteriorated to the point where this funding, which has to stretch a long way, is not enough. Federal ~~cost~~ ^{cost} shares ~~levels~~ ^{levels} of funding for new construction are 90 percent from the federal ~~govt~~ ^{govt} and 10 percent for state and local. In special circumstances, this level may change. However, there is no federal ~~cost~~ ^{cost} share for maintenance except in case for maintenance that ~~classifies~~ ^{classifies} reconstruction, such as ~~resurfacing~~ ^{resurfacing}. These cases federal ~~cost~~ ^{cost} figures remain at ~~90-10~~ ^{90-10 we recommend}. The Pennsylvania Turnpike for the tremendous job they have done with maintaining the Pennsylvania Turnpike. This highway is completely updated. New tunnels have been made, guard rails have been improved, and constant improvements are being made. This is because tolls have provided a reliable means of finance in maintenance and construction of this road. Rural Pennsylvania is willing to contribute its share for the maintenance of Interstate 80 by paying tolls. We therefore support the ~~conversion~~ ^{conversion} of this highway first to a toll road on the controlled Pennsylvania Turnpike Commission. Tolls collected on this highway should be ~~reserved~~ ^{earmarked} for immediate construction improvements on this road. If this highway becomes a toll road, we would expect it to be in tip top shape. Should this first experiment prove to be successful, ~~it~~ ^{it} means to maintain our interstate highway system, ~~in~~ ^{then} the grange would support the inclusion of all the highway, even bridges, in the toll road system in order to improve their condition of safety to travel on them. We appreciate the opportunity to express ~~our views to~~ ^{our views to} ~~you~~ ^{you} in this committee. ~~in~~ ⁱⁿ ~~can~~ count on our support in ~~any~~ ^{any} effort to convert Interstate 80 to toll road. We have taken this policy back in October and we only address to Interstate 80, but I think we would be willing to listen to any other roads that would be considered. We took this kind of contraversial decision even when at the time when the secretary was talking about even abolishing the turnpike commission period. We know there's some things not all right there, too. There's room for fraud and everything, but this is basically a back to the way things were again. We remember, a bit before my time I hope, but when rural people had to depend on toll roads to move their products to markets, ~~all~~ ^{all} the main roads were toll roads. ~~Now~~ ^{now} it seems ironic I guess, that we got away from them ~~.....~~ ^{.....} want to go back, but it seems if that's the way we got to go, we're willing to go. And it seems ~~.....~~ ^{.....} we talk to people express themselves that they would be willing gladly to pay the toll rather than to travel on the unsafe roads like 80 is right now.

SPEAKER: Thank you very much, Ernest, I have to say that I agree totally with your resolution since it was done in Altoona. You had to travel Route 22 to get there, so you know a little bit of what the roads in our part of the state get.

SPEAKER: Where they're good they're good, and when they're bad they're bad.

SPEAKER: Oh, ~~.....~~ ^{.....} bad. We'll open up with some questions, and I will start with John.

JOHN DAVIES: No, I just have to say because he knows what 222 and 183 are in segments in our neck of the woods, and we face like four missing links, when we formerly only had one, and still have some of those problems that we're not going to have resolved under current financing. I just don't see how it would be possible.

Tom Tigue:
SPEAKER: If there are no questions, I think Mr. Miller presented ^{this grange} position very clearly, very distinctly.

Rick Geist:
SPEAKER: I have one question for you. Would the national Grange sponsor or back legislation in the federal government restraints of tolling interstate 80?

Ernest Miller:
SPEAKER: I realize this could be a problem, but I couldn't speak officially, but I think I would feel, I have a gut feeling that we would support that, or we would urge that because it would be to our benefit if we, I think federal probably would be willing to in a way, I don't know. I think it could be done. I would like to think it could be done. It makes sense, but maybe that's not enough. I might add, you know that, of course I 'd have to tell you, but the one reason that funding I think on these major highways with larger fuel tanks and trucks and the cars traveling more miles of needless to say, a lot of them can go through Pennsylvania without buying any fuel, and that we don't feel is quite fair. This was brought up in the discussion ~~that~~ this grange, cause many are using it, don't pay a thing.

SPEAKER: That's exactly right. We thank you very much for your testimony.

JOHN DAVIES: Oh, well there is just one other one. You never discussed then any of the other either in the or any of the others, any other funding such as the proposals that we

ERNEST MILLER: The policy was fraud, this was on a state level that we just thought 80 would be a place to start because it was the most came from that.

JOHN DAVIES: Thank you.

RICK GEIST: Thank you very much. The next speaker to address us will be Louis Papet, the Division Administrator of the F.H.W.A., and maybe you can just write us out a little paper now, and let us take over

LOUIS PAPET: I don't think its quite that simple.

RICK: NO.

LOUIS PAPET: I think you have copies of my statement. It's rather short. I'd like to read it to get into this. Testimony submitted and read.

RICK GEIST: We thank you very much. I'll open up for the panel members, John.

JOHN DAVIES: The one, How is the one handled in Maryland between Baltimore and Washington? Thats under the park system. Is that, I realize it's free but wasn't that done with federal monies under the guys of the parkway or the park system put in a national park system?

LOUIS PAPET: I think you're referring to the Baltimore-Washington Parkway.

have a complete

LOUIS PAPET: Well, again the federal aid highway system or federal highway program is defined in the law again as a federally aided state construction program. So, if the state of Pennsylvania or any other state decided they did not wish to use federal aid, they just wouldn't use federal aid.

SPEAKER: And therefore, carrying that out to a conclusion, the system wouldn't be complete, if the state took that position.

LOUIS PAPET: And if the state decided not to complete the system, I think I would be a state

TOM TIGUE: The other question is what happens if in fact, assume we do finish the missing links and we have the completed system within the Commonwealth of Pennsylvania as it has been designed? And some point down the line, we say well, we've done this in accordance with thewishes of the federal government for an interstate highway system. We no longer want. We absolve ourselves of all responsibility of those roads.

LOUIS PAPET: I, first of all, the roads belong to the state of Pennsylvania, they do not belong to the federal government, so again, in each project when we agree to participate in construction costs of that project, the state agrees along with the agreement to make it toll-free, they also agree to maintain that road. So, I guess, theoretically, under the law we could come back and say your maintaining the roads, so we would not give you any additional federal funds. This is provided for in the law, also. I think, you know, we're talking, so, my answer is,

TOM TIGUE: We call that beating you with a club and then offering you a carrot.

SPEAKER: Well, essentially that's what you do do for the upgrading of those existing roads now. As I understand it, that's why a lot of the maintenance money, we've reached that subject this morning, why a lot of the maintenance money goes into 78, which is in the north, of my district, while 222 goes begging and goes uncompleted in the southern of my district. In other words, I'm looking at, you know, one going down the tube and a fairly decent highway constantly being upgraded, not that it shouldn't be, that's not my argument. But the other thing going down the tube to a point where even go to a state of repair. That's what gets us. Drives us up the wall.

LOUIS PAPET: Yes sir, well it's an overall shortage of total funding is a problem, of course, and the present situation with the funds being proportioned depending on how much the Congress decides to apportion or to authorize in a particular year and then the states have the complete of course, of deciding on which sections they want to use those funds. So, as I said before, it is a federally aided state program. We don't own any of the roads with the exception of a few of them, like you said, Baltimore-Washington Parkway, federal government does not own

Uh. that was built, back starting before World War II, and was completed I think back in the 50's. That was built by the federal government. It is a parkway, trucks are not allowed on it, and a portion of it is and was built with using 100 percent federal funds. Uh, there are no tolls on it, and the federal government through the Department of Interior National Park Service maintains that road.

JOHN DAVIES: It is in access of the state of Maryland as well as it, I mean it isn't just used to serve the district of Columbia by itself?

LOUIS PAPET: No sir, that road was built along with some others in the vicinity of Washington such as the George Washington Parkway down in Virginia going out to Mount Vernon. These were built as federal projects where the federal government built them at the time the Baltimore-Washington Parkway, that portion that was built, it's my understanding that was a little before my time of course, but that was built as a gateway to the city of Washington and also Fort Meade is up at the northern end of that. This was also to provide access from Fort Meade into Washington. We have throughout the country, various sections especially in the west, this is I guess more common with federal highways with 100 percent federal funds because of the large amount of federal land, serving federal lands.

JOHN DAVIES: Then the tolls on, what is that, is that I-95 in Maryland?

LOUIS PAPET: Yes sir.

JOHN DAVIES: That was done by this legislation?

LOUIS PAPET: Kennedy Highway, yes sir. This was done special legislation on one of the highway acts to allow the states of Maryland and Delaware to repay the federal aid highway funds that had been put in to building the road, and by doing so, the congress relieved the two states of any obligation against tolls.

JOHN DAVIES: And that's the only recourse that we would have, would be special legislation.

LOUIS PAPET: Under present law, that's correct. And as I stated in my statement, the Comptroller General made a decision back in 58, I think it was that we could not administratably relieve the state of the responsibility because this is a statutory requirement sent it in to on each project through what we call a project agreement at the time we approved the project, and so it would have to be through an act of, a legislative act.

JOHN DAVIES: Thank you.

SPEAKER:? Yes.

SPEAKER:?? the completion of the system remains with the state, the state has to make that decision, each state.

SPEAKER?: Well, suppose we decide in the state of Pennsylvania we don't want to spend any more money on interstates? The federal government says fine, that's it. We're not going to

any of the federal aid highways.

SPEAKER: I'm glad that you got to the bottom line in your last of the speaking list today.

Let's talk about that bottom line in financing right now. As you say, a shortfall.

The predicted 6.2 billion dollar shortfall to 4 cents a gallon on liquid fuels by the federal government, can you give us an honest realistic figure as to what you feel it would be in addition to that four cents to really complete and maintain the interstate system? We've seen figures that your agencies put out.

LOUIS PAPET: I'm not sure I know where you, you know, where the 6.8 billion shortfall that your talking about comes from.

RICK GEIST: for us to match in Pennsylvania, for us to complete the system as scheduled in Pennsylvania and to match federal dollars as well as what the other states are doing. Four cents a gallon is the minimum required. But yet, to complete the interstate system by the of 1990, requires you know, what we're talking aboutbucks here.funding that we talked about on the federal level for replenishing liquid fuels monies again calls for if you are going to do that on a cents per gallon basis, in addition to how many cents.

LOUIS PAPET: I really couldn't answer that question.

RICK GEIST: Would a figure like about 25 cents a gallon seem real to you?

LOUIS PAPET: It sounds like, it sounds pretty high, frankly. Uh, again, it's two perspectives. One is from the federal perspective that I operate from and from the state perspective where you have to not only match the federal funds, but you also have to have to do your own program in the maintenance

RICK GEIST: All right. Let me take thisand from your perspective on the federal level using dollars that we have lost in past years to Georgia, Florida, other states; New York, if we were to use those dollar values in the years that we were lost, and replug them into dollar values today to build highways, does the federal government go along with the premise Pennsylvania andthat liquid fuels to fund that these monies have not been returned to the state where they were paid, now if this state has its financial house in order, would the federal government make every effort to return those dollars to the state of Pennsylvania?

LOUIS PAPET: Well, let me, maybe it might be well to discuss a little of the interstate system which is what your referring to. That has been since the of financed on the needs basis. And, estimates are prepared every two years of the cost to complete the interstate system for each state. From that, Pennsylvania's share of the cost to complete the toll system throughout the United States has determined as a percentage. Then whatever funds are made available to congressional action, that percentage is applied, and that's what

Pennsylvania has available to them for that particular year for interstate construction funds. Now, in previous years when Pennsylvania was not able to utilize all of the interstate funds that were made available to them, those funds lapsed to the time we use that it, they no longer have them after, it's a two year period now from the time of apportionment. The fact that those funds lapsed and other states that were able to use them did get the opportunity to use them, does not mean in effect that Pennsylvania lost them, because the cost to complete the system still remains for Pennsylvania larger because you did not use those funds. Had you use those funds, your cost to complete would now be less and your apportionment factor would be less. So, the provisions of the federal highway act that we have now ^{have} is that it's expected to be able to complete the system to provide sufficient funds from the federal end to complete the system. The one thing that was done in the 1981 highway act which, I tacked on a little something on the last, the last answer to your question, elaborating on that a little, congress redefined what completion means. What they, over the years, we have taken not only gap sections and included them in the cost to complete, but certain safety updates, certain additional and other work that came to light that was desirable was included in cost estimates. So, the cost estimate, you know, we weren't gaining very much on it. So, now the emphasis is by virtue of the 81 act, to complete those actual gap sections where you have no interstate existing. An example would be the gap in I-95 in Philadelphia, the gaps in the several, around Pittsburgh, the gap in I-78; and so the regular interstate construction funds are available now to complete those gaps only. A separate program which we were referred to as 4R, which means Resurfacing, Rehabilitating, Restoring, and Reconstruction

RICK GEIST: We're all quite familiar with the 4R and its restraints.

LOUIS PAPET: O.K., it is now being used to supplement the interstate gap closing program, whereby, those funds can now be used for practically anything on the interstate, except for what we consider normal maintenance. It can be used for resurfacing, it can be used for updating, upgrading, it can be used for expanding existing system sections. Now, I realize that the amounts of money have been rather modest. This started several years ago, and I think Pennsylvania, who is getting something like 5 million dollars a year under the 3R Program. Well, when the 81 act came along and expanded it to 4R, they substantially increased the appropriation from something like 175 million up to 800 million per year toward Pennsylvania in this fiscal year and next fiscal year, which is as far as the present act goes, is getting something over 22 million dollars a year in the 4R program. Now, obviously, what the future holds for the 4R program will depend on Congressional action. But, I think this is a realization in the 81 act that Congress has recognized and the administration recognizes the need, first of all, to finish the system and secondly, to keep the system in the condition to where it can provide the service it was intended to provide.

RICK GEIST: I have one last question.

LOUIS PAPET: Yes sir.

RICK GEIST: Has Pennsylvania received \$1.00 back for every dollar they put into liquid fuels money?

LOUIS PAPET: From the federal end? I don't think so, I think Pennsylvania is what's referred to a donor state where some states again contribute more to the federal trust fund than they perhaps get back. I don't know the exact figures on it. I think its something less than a dollar. Of course, the reason for that basically was because the interstate system has been financed on a needs basis, and the only way to do that would be to let the whole country pay for it. Again, I think that the interstate has always been recognized at the national level as a national priority and a national system. So, as far as other classes of funds are concerned, primary funds, secondary urban systems, other classes of normal highway funds, the apportionment formulas are pretty well geared. They take in their account factors such as population, land area, and those things that make Pennsylvania contribute to the trust fund.

RICK GEIST: I think it would fair for us to ask a Pennsylvania secretary of transportation compare it. Especially, when it comes to highway funding. We thank you very much for appearing before the committee today. We appreciate your remarks. We appreciate the remarks of everybody who testified today, and if there's anybody that wants to come forward now, speak their peace, or we're adjourning. So, it looks like we're adjourning. Thank you very much.

LOUIS PAPET: Your welcome.