

PA House Transportation Committee testimony, June 17, 2010, Clarion, PA

Chairman Markosek, members of the House Transportation Committee, my name is James T. Kunz Jr. I am the Business Manager of the International Union of Operating Engineers Local 66 representing approximately 7,000 men and women, in 33 Pennsylvania counties, in the construction, pipeline, utility and heavy equipment service industries here in Pennsylvania. They use Pennsylvania roads and bridges as well as mass transit to travel to work and play. They depend on bridge, highway and other construction for their jobs. My members are taxpaying, voting Pennsylvania residents who are willing to work hard to create the best economic environment for Pennsylvania.

I am here today to speak in support of dedicated funding sources to not only fill the \$472 million funding shortfall that resulted with the failure to toll I-80 but to also generate the long-term funding needed to both maintain Pennsylvania's deteriorating transportation infrastructure and also increase its capacity to meet future needs. We will support

increasing the gasoline tax, the taxing of Pennsylvania Oil Company gross profits, the increase of vehicle registration and drivers license fees, the use of state bonds, the revisiting of the tolling of Pennsylvania's interstate highways, or any combination of these proposals. We are also open to other suggestions. We are not opposed to the privatization of Pennsylvania roads or bridges or to other Public-Private Partnerships but we are concerned about the details. Many questions need to be answered. Will a lease result in diminished resources to the public? What effect will a lease have on current public employees? Is foreign control of a public asset wise? And what safeguards can be put in place to maintain transparency and accountability in toll road operations? To name a few.

At several of the hearings a few have recommended the elimination of state prevailing wages on public projects to reduce the cost. We believe this would not deliver the suggested savings but would in fact have a negative effect. Pennsylvania's State Prevailing Wage Act is the easiest

way to guarantee that these state funded construction projects employ Pennsylvania taxpayers. There is no incentive for a contractor to use out-of-state workers or illegal aliens to perform this work when he has to pay the prevailing wage, that is the rate of pay most commonly paid in the state for this type of work. We believe eliminating the state prevailing wage would result in a dramatic increase in the use of out-of-state and illegal workers in Pennsylvania. Out-of-state workers do not pay Pennsylvania state income taxes but instead that money goes to another state. Illegal workers pay none. In addition, transient workers do not buy houses here, cars or make other major purchases, in fact they spend little of their disposal income when traveling but instead send it home. Again the state as well as local communities loose. A 2006 study showed that the elimination of prevailing wages in Minnesota would cut income and sales tax to the state. Other studies have shown that in states that have repealed prevailing wage laws workers' access to health insurance drops by 79% and injury rates rise

by as much as 14%. These costs would be shifted to Pennsylvania taxpayers.

When we look at the dollars needed to maintain and improve Pennsylvania's transportation infrastructure we see a huge cost. We need to see it as an investment in Pennsylvania that will produce a steady return for Pennsylvania. It is jobs for Pennsylvanians, both construction and permanent. It is a reduction in traffic congestion that would allow Pennsylvanians to travel to work or to shop with ease and allow Pennsylvania goods to get to customers quickly and at a reasonable cost. Better roads and bridges lead to reduced transportation costs that will give Pennsylvania business an edge in competing in the global marketplace. The good jobs that result from investing in our transportation infrastructure, and the economic development that follows, allow Pennsylvania workers to give back to the state and their communities through increased spending, taxes, and community involvement. Everyone wins.

You are faced with the daunting task of identifying a responsible course of action and determine how to fund our future transportation needs.

No one likes to pay more but doing nothing now will only cost the state significantly more later. We need to invest in Pennsylvania's future and we need to invest now.