



**TESTIMONY BY
THE PENNSYLVANIA STATE ASSOCIATION OF
TOWNSHIP SUPERVISORS**

**BEFORE THE
HOUSE TRANSPORTATION COMMITTEE**

ON

SENATE BILL 1 (PN 1162)

PRESENTED BY

**ELAM M. HERR
ASSISTANT EXECUTIVE DIRECTOR**

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HARRISBURG, PA**

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Chairman Hess and members of the House Transportation Committee:

Good morning. My name is Elam M. Herr, and I am the assistant executive director for the Pennsylvania State Association of Township Supervisors. PSATS is a non-profit, non-partisan organization that represents the 1,455 townships in Pennsylvania. Thank you for the opportunity to appear before you today.

Townships comprise 95 percent of the commonwealth's land area and are home to more than 5.5 million Pennsylvanians — nearly 44 percent of the state's population. These townships are very diverse, ranging from rural communities with fewer than 200 residents to more populated communities with populations approaching 60,000 residents. The need for increased, dedicated transportation funding for local roads and bridges is of critical importance to all townships, regardless of road miles or demographics.

The Commonwealth is currently facing one of its greatest and most daunting challenges: addressing its aging infrastructure while continuing to provide for adequate and reliable sources of funding for its transportation needs. Without new transportation funding immediately, we will continue to fall further behind on transportation infrastructure maintenance and at an expedited rate. Public safety will be at risk from delayed response times to structural failures as seen in other states.

Municipalities (*cities, boroughs, and townships*) maintain more than 77,500 miles of road; at least 6,332 bridges over 20 feet in length, as well as an unknown number of bridges less than 20 feet. For maintaining this road and bridge network, municipalities receive approximately \$300 million annually from the state through the Liquid Fuels Tax Municipal Allocation Law, while spending at least \$1.3 billion annually. The liquid fuels allocation has not changed substantially since 1997, yet the buying power has plummeted due to factors beyond local government's control. SB 1 (PN 1162) would greatly assist municipalities in meeting their obligation to provide a safe and reliable transportation network for our mutual constituents.

PSATS believes that the state must provide a predictable, reliable, and dedicated method of funding for the entire transportation system (*PennDOT, local government, and mass transit*). Local governments are partners with the state in maintaining a safe and efficient surface transportation system and we have long maintained that any funding solution must include a fair share for local government. SB 1 (*PN 1162*) would provide a comprehensive transportation funding package that our Association strongly supports and which builds on the governor's transportation funding proposal from February. It is the most beneficial package from a local government perspective that we have seen in many years and would provide a real and lasting benefit to all aspects of our transportation system, including our local transportation infrastructure.

SB 1 is modeled after the 2011 report of the Pennsylvania Transportation Funding Advisory Commission, which was tasked with studying the current state of funding for state and local highways, bridges, and transit systems. I served as a member of this

panel, which brought together 40 experts in transportation, finance, state and local government, and other fields to address a growing gap in transportation funding of approximately \$3.5 billion. Over the next decade, this deficit is anticipated to swell to \$7.2 billion unless immediate action is taken.

The commission focused its efforts on methods and strategies to fill the funding gap, which includes modernization, cost-cutting suggestions, and recommendations for raising new revenues. Many of these recommendations are incorporated into SB 1 as it overwhelmingly passed the Senate. While the modernization recommendations will help reduce the cost of doing business, they can only make a small dent in the growing transportation funding need in the Commonwealth. New, reliable, and dedicated revenues are essential to any transportation funding solution and this is an essential component of SB 1.

We believe that SB 1 would balance the needs of our transportation system with the impact on the end user and correctly attempt to identify funding sources for our entire transportation system. When fully implemented, the proposal would provide an additional \$200 million annually in new, dedicated funding for our local roads and bridges, a 60 percent increase over the current liquid fuels allocation. We strongly support these provisions as a safety measure for our communities and urge you to adopt it as approved by the Senate.

SB1 is critical if we are to provide for an infrastructure that provides for public safety and promotes economic development. The legislation would, along with other provisions, increase licenses and registration fees to reflect the impact of inflation since the last time these fees were raised and would extend the time period for license and registration renewal from 4 to 6 years and 1 to 2 years respectively.

From local government's perspective, a critical component of SB 1 is the removal, over a three-year period, of the artificial cap on the wholesale price of liquid fuels under the Oil Company Franchise Tax. This cap was established when the OCFT was enacted in 1981, when the price of fuel was below \$1 per gallon, and was surpassed many years ago, thus halting revenue growth from inflation. Since hitting and surpassing the cap, the revenue growth has been stagnant. If fully implemented, SB 1 would establish a new floor for the OCFT of \$2.49.

To ease the transition from the current cap, the legislation would temporarily reduce the cents per gallon liquid fuels tax from the current 12 cents to 11 cents from July 1, 2013 until June 30, 2014; down to 10 cents from July 1, 2014 until June 30, 2015. After full removal of the OCFT cap in the third year, the 12 cents per gallon would be restored on July 1, 2015.

In addition to the OCFT, the cents per gallon tax is the other primary source of municipalities' liquid fuels funds. And while this temporary decrease would marginally offset the increase that municipalities would see during the first two years of implementation, the net increase would be substantially higher than the amount that is

temporarily lost, and when the tax returns to 12 cents in 2015, municipalities would be made whole and realize a significant and sorely needed increase in dedicated transportation funding into the future. We support this transition relief as written.

We have been working on transportation funding since before the creation of the OCFT in 1981. We have never seen a direct spike in gas prices at the pump as a result of the enactment of the OCFT or from any of the levy increases over the years.

In addition, SB 1 proposes to establish two new programs, a traffic signal coordination and synchronization program and a bridge bundling program, that would benefit local government. We support these programs as written.

Under the signalization program, PennDOT would enter into agreements with municipalities along a traffic corridor to replace and synchronize traffic lights along the corridor at no cost to the municipality. If a municipality chooses to participate, it would be responsible for the maintenance, coordination, and timing of the lights in accordance with the agreement signed by the Department and municipality for the useful life of the traffic signals.

Under the bridge bundling program, PennDOT would bundle the design and construction of state, county, and local bridges that are part of the Bridge Budget Act, are similar in size or design, and are within geographical proximity of each other. If the local government agrees to participate, the local match requirements would be eliminated. If the local government does not participate, the same bridge built under existing regulations would result in the local government paying at least 30 percent of the cost. Although the municipality will continue to be responsible for the bridge, it would be a new bridge that will last for years to come and allow the participating local government to stretch its limited transportation dollars.

As you discuss the future of SB 1, we ask you to keep Pennsylvania's local governments and their transportation needs in mind. We believe that local and state roads and bridges and the Commonwealth's mass transit systems comprise a single transportation network for Pennsylvania's traveling public. Local roads and bridges provide our children with safe transport to school, workers with reliable access to jobs, patients with transportation to doctors, and farmers with a means to move food to consumers across the state and country.

As we recently saw due to the Interstate tanker fire just north of here, a broken transportation system costs our residents increased gas costs, wasted time in traffic, wear and tear on their vehicles, and higher prices for goods and services. It costs businesses in lost productivity and increased transportation costs. If we want our economy to grow and to attract economic opportunity, we must have a sound and well-maintained transportation system. If we fail to act now, it will lead to further deteriorated bridges and weight restrictions, which will hurt our residents and business while driving away economic opportunity.

Our residents and businesses will face increased costs for transportation in future years. However, it is our obligation to make sure that increased costs are due to dedicated fee increases that ensure a dependable and well-maintained system for years to come, while creating jobs in our communities. We do not want to see our constituents face increased costs and detours from closed or weight restricted bridges, lost time from sitting in traffic, lower speed limits due to rough roads, and damage or injury due to emergency vehicles having to travel a greater distance, because we missed this opportunity.

New funding is needed for our entire transportation network if Pennsylvania is to remain competitive in today's economy. Without additional funding our roads will continue to deteriorate and the safety of our residents will be at risk. To continue to put band aids on our roads and bridges is no longer a solution. Our responsibility is to provide a safe and reliable transportation network by providing for adequate funding to do the job. PSATS supports SB 1 (*PN 1162*) and asks for your support and passage of the legislation.

Thank you for this opportunity to testify before the committee today. We will now attempt to answer any questions that you may have.