

Members of the Committee,

HB 762 represents a shift of focus in our current and ongoing discussions of how we fund a core function of government in Pennsylvania, road and bridge maintenance. As you all know, road and bridge funding in Pennsylvania comes from the constitutionally protected Motor License Fund, which is funded primarily through the at the pump gas tax and the Oil Stock and Franchise Tax (OCFT). This condition, whereby road and bridge funding responsibilities fall solely on fuel-related taxes, is a condition that only exists in Pennsylvania and it has helped to create the dynamic today that suggests the only way to spend more on roads and bridges is to increase those taxes.

Every other state relies on a myriad of funding mechanisms for road infrastructure and I believe that Pennsylvania should do the same. As a result of what I refer to as “the conventional wisdom” of funding infrastructure, we have narrowed the discussions on road funding to be that of a tax increase or nothing. I reject that conventional wisdom.

My research indicates that, in 1960, Pennsylvania spent about 30% of total spending on roads whereas today we spend roughly 8.5% on the same.

While the state budget alone grew by over \$640 million from last year to this year, we’re telling the people of Pennsylvania that road infrastructure is not a priority simply because historically we’ve chosen to fund it outside of general fund obligations.

Technically, all the bill does is to move the Sales & Use tax generated through motor vehicle sales and trailer into the Motor License Fund over a 4 year period, 25% per year until the total of the entire amount is dedicated to road infrastructure.

The current proposal, once fully enacted, would reallocate roughly \$1 Billion per year from general fund obligations to road infrastructure. I would be open to amending the bill to include all automotive parts and to stretch the reallocation method out further than 4 years.

I would be happy to take any questions from the Members.