



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

**BEFORE THE  
HOUSE TRANSPORTATION COMMITTEE**

**ON**

**TRANSPORTATION INFRASTRUCTURE TASK FORCE LEGISLATION**

**PRESENTED BY**

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Chairman Hennessey and members of the House Transportation Committee:

My name is Joe Gerdes and I am the director of government relations for the Pennsylvania State Association of Township Supervisors. Thank you for the opportunity to provide comments on behalf of the 1,454 townships in Pennsylvania represented by the Association.

The Association is a non-partisan, non-profit member service organization. Member townships represents 5.6 million Pennsylvanians — more residents than any other type of Pennsylvania municipal government and cover 95 percent of the commonwealth's land mass. The need for continued, dedicated transportation funding for local roads and bridges is of critical importance to all townships, regardless of road miles or demographics.

Local roads and bridges and state highways, along with air, rail, and the mass transit system, comprise a single transportation network for the commonwealth's traveling public. Pennsylvania has more than 117,000 total road miles, and two-thirds of these, along with thousands of local bridges, are owned and maintained by local government. Specifically, townships maintain more than 57,000 miles of road to PennDOT's nearly 40,000.

These local roads and bridges are a vital link in our transportation network and provide 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 such, the Association believes that local government is an essential partner with the state in maintaining our roads and bridges.

The Transportation Infrastructure Task Force Fall 2019 Report, *Build to Lead: Investing in Pennsylvania Infrastructure* found that, "There must be a stable, reliable, and permanently dedicated revenue stream for transportation infrastructure investment in the Commonwealth." PSATS has long maintained that the state must provide a predictable, reliable, and dedicated method of funding for the entire transportation system (*PennDOT, local government, and mass transit*).

Municipalities should receive a fair share of state liquid fuels funds to adequately maintain the local road portion of the entire commonwealth system. PSATS supports the use of a blend of revenue sources, including the oil franchise tax, registration fees, and public-private partnerships, to fund the state and local highway and bridge systems.

Act 89 of 2013 provided new, meaningful, and permanent transportation funding for municipalities and raised the annual distribution to \$500 million in 2019. While Act 89 was enormously successful in providing an increased reliable and dedicated funding stream, municipalities continue to be overburdened with the maintenance cost for their portion of our transportation network.

Act 89 changed how the liquid fuels taxes were calculated, increasing the amount collected for gasoline and diesel fuels, as well as the municipal share of these funds. Prior to Act 89, there was a "ceiling" on this tax. Act 89 removed the ceiling and replaced it with a floor, so that the tax itself won't drop, but will increase if wholesale prices exceed \$2.99 per gallon. However, keep in

mind that fuel sales tend to decrease when the price of gas increases and overall decreases in fuel sales will cause total liquid fuels revenues to drop.

However, as the Task Force Report reported, “The gas tax increase passed in 2013 isn’t meeting revenue projections due to a significant increase in the use of more fuel-efficient vehicles inclusive of alternative fuel vehicles such as hybrid and electric models.” Lower than anticipated fuel prices have made fuel and oil-based products for road maintenance more affordable, but have resulted in further decreasing actual gas tax receipts. After hitting a high of \$500.7 million in 2019, the municipal liquid fuels tax distribution dropped by 2.6 percent in 2020 and is anticipated to see another 10 percent decline in 2021 due to COVID-19 impacts.

The package under consideration today has several creative ideas to try free up more money for transportation funding and I’ll comment on those that would have some impact on townships, as well as provide a few suggestions not currently under consideration.

**HB 2064** would authorize county infrastructure banks to receive loans at better rates through the Pennsylvania Infrastructure Bank. For counties that are interested in taking on this role, particularly those with a number of bridges, this could allow low-interest loans to be leveraged. It is our understanding that townships could apply for these loans, just as they do through PIB. We are supportive of the ability to leverage these funds for municipal transportation projects.

We ask whether this concept could also be available to municipalities. Municipalities can currently borrow from PIB and as municipalities have the primary responsibility for local roads and bridges, it would be beneficial for those with the interest and borrowing power to be able to access larger, longer-term loans at the best possible rates.

**HB 2068** would authorize counties to levy a real estate transfer tax, personal income tax, and sales tax to fund mass transportation within the county. While we are supportive of the need to fund the whole transportation system, including mass transit, we believe the concept of additional local taxes should be discussed as a comprehensive local tax reform discussion, particularly as these taxes are not currently available to the counties and the personal income tax and sales tax are not options for municipalities. Also, why not provide some of these same options to municipalities for other transportation funding needs?

**HB 2069** would allow municipalities to participate in highway bundling contracts through PennDOT. The legislation appears to be modeled after the bridge bundling provisions of Act 89, which PSATS strongly supported. This proposal has the potential to allow townships to leverage state resources realized in savings of dollars or percentage of project cost for design and construction, provided PennDOT finds that there are township roads that would meet the criteria for bundling. As such, while we support these provisions, we do not know what level of cost-savings could be attainable or if any township roads would be determined to qualify.

We would like to see if the current bridge bundling program could be offered to municipalities more extensively. We are aware of several counties where the bridge bundling program has been used to combine projects with county and municipal bridges to find efficiencies and savings, but it is unclear if the bridge bundling program is being used to its fullest potential. We continue to

believe that the concept is laudable, and that the possibility exists for further savings in design, bid, and construction costs. We have seen the tremendous progress that PennDOT has made since 2013 in replacing and rehabilitating bridges, however the need remains great for both state bridges and the more than 2,000 local bridges that are rated poor according to the February 2019 Transportation Advisory Committee report.

**HB 2066** would authorize Pennsylvania State Police fines to be placed into a restricted account for the PSP, rather than the General Fund. We can support this concept, however, point out that this in terms of overall transportation funding, it remains a small piece of the puzzle.

**HB 2361** would decrease the Pennsylvania Turnpike's payment obligations for mass transit from \$450 million annually to \$50 million annually. We appreciate that this bill identifies a source of replacement funding. While it does not impact township's transportation funding, the increased tolls are certainly a burden on anyone, including township employees, officials, and residents, who must travel the Pennsylvania Turnpike.

**HB 2061** would accelerate the reduction of funds diverted from the Motor License Fund to the Pennsylvania State Police. We understand this diversion is a source of significant legislative concern as it decreases funds available for transportation projects. However, we are gravely concerned about the budget hole that this change will leave and who will be called upon to fill it.

First, let's be clear. The Motor License Fund transfer to the PSP is not a new funding method, but one that has been used for decades, since at least the 1968-69 budget, when \$25.8 million was transferred to the PSP. By 1978-79 the transfer had increased to \$86.6 million and by 1988-89 it had blossomed to \$171 million. By 1998-99 the transfer had increased to \$284 million. It is our understanding that the Motor License Fund was established via a voter approved referendum after World War II to also fund the safety patrol of the State Highway Patrol (now PSP).

We must take issue with language in the Task Force Report that blamed municipalities for this diversion. The report erroneously states that, "Nearly half of all municipalities in the state no longer offer local police services due to growing reliance solely on state police services." What it doesn't point out is that most of these communities have never had a local police department.

While municipalities do from time to time start or stop local police departments, it is generally a small change and does not account for the increased diversions to the PSP. The Center for Rural Pennsylvania did a study from 2011 to 2015 of the police coverage of municipalities. During this timeframe, 45 municipalities went from full-time local police to either part-or full-time PSP, while forty-one municipalities left either part- or full-time PSP to become full-time local police, which is a net increase of only 4 municipalities to PSP. Communities currently covered by State Police saw twenty-nine municipalities reduce coverage from full-time to part-time PSP while another 45 municipalities went from part-time PSP to full-time PSP.

There are many reasons why municipalities choose not to have a local police department. Many of these municipalities have small populations and are in rural areas, are happy with the service provided by the PSP, and feel that any additional police coverage is unnecessary. By far

the greatest is the enormous cost associated with police, primarily due to the numerous state mandates for benefits that cause costs to spin out of control for any municipality.

The Task Force report purported regional policing as “local police where counties share local police resources and reduce the burden on state police from having to enforce local municipal laws.” (*Which, the PSP do NOT do!*) First, counties only rarely venture into policing. Second, while many communities would love to be served by a regional police department, the reality is that it is always more expensive as benefit levels will go to that of the highest paid department. Consolidating departments is often impossible due to different contract provisions and competition between ranking officers.

Make no mistake. Both PSP and local police put themselves in harms’ way and should be generously compensated. However, these benefits must also be sustainable for both the commonwealth and the community.

Instead, the growth in the PSP budget is due to many factors, including increased duties and responsibilities over time, and generous wage and benefit packages that were provided without a means to pay for them. By far the biggest cost factor in the PSP budget is the pension liability.

**The Association opposes any plan that *would mandate* that any township pay for State Police services beyond the state taxes currently paid.**

If the General Assembly would like to make it more attractive for a municipality to have its own police department, we suggest relieving the mandates that drive up the costs of local police and make it difficult to manage.

PSATS supports legislation that would allow townships to *voluntarily* contract with the State Police for patrol and ordinance enforcement services by designated state troopers, not part of the complement, at rates set by the state.

Past proposals would mandate that every municipality, or a subset, pay an annual per resident tax if it relies on the Pennsylvania State Police as the primary provider for law enforcement. More recently, Gov. Tom Wolf proposed a “fair share police services fee” which, if enacted, would be a tax assessed on all municipalities to pay for the costs of State Police services. Wolf argues that this latest tax would be assessed on every municipality, “because services are provided to all, regardless of the level of municipal police coverage.” We warned previously about the expansion of these taxing proposals.

A state tax on municipalities would open the possibility that the Commonwealth will see municipalities simply as another bank account to be tapped when the state needs revenue. Municipalities cannot afford such proposals and do not have the authority to “pass along” these taxes onto their residents. Instead, we need to look for ways to control costs while making Pennsylvania a safer place to live, work, and raise a family.

We have a few suggestions for what we believe are reasonable alternatives to stretch our limited transportation dollars. None of these options have a cost to the Commonwealth.

**Prevailing wage reform:** Act 89 of 2013 made the first reform to this unfunded mandate since the 1960s, allowing small road and bridge projects of less than \$100,000 to be bid without the requirement to pay prevailing wage. To further stretch our transportation dollars, the General Assembly should, at a minimum, extend the \$100,000 prevailing wage threshold to projects funded with dirt and gravel road grants, which appear to have been inadvertently left out of Act 89. In addition, the law should be amended to specifically exempt those road projects that historically were classified as maintenance activities from the Prevailing Wage Law, such as paving projects, which would help township's limited dollars go further.

The fact is, many municipal road projects far exceed \$100,000. As such, PSATS believes that the Prevailing Wage Act should be amended to increase the threshold for compliance for all types of projects to \$500,000. This would decrease the costs of individual projects and spur competition as many small contractors are hesitant to bid on prevailing wage contracts. Adding prevailing wage to a project can increase costs by 20 to 30 percent.

**Relieve federal requirements:** Pennsylvania has adopted the federal Manual on Uniform Traffic Control Devices by reference. However, this one-size-fits-all approach does not work in Pennsylvania.

For example, provisions that mandate all mowing operations to have a shadow vehicle unless located on a road with fewer than 10,000 vehicles a day and the mower is completely off the road, as well as prohibitions on the use of single yellow lines on rural and mountainous roads, do little to enhance safety while imposing increased costs on municipal transportation budgets.

**Expand P3 to include local governments:** If a municipality is approached individually by a business with a P3 project idea, local governments are currently unable to participate and leverage transportation budgets. Considerations should be given to providing a direct local government P3 option, such as HB 2065.

In closing, we applaud the committee for having this critical discussion on ensuring that our transportation system is adequately funded. We urge you to view local government as a partner in delivery services to our mutual residents. We look forward to continued discussions of how to ensure that our citizens and businesses will have a safe and fully funded transportation system for decades to come.

Thank you for the opportunity to participate today. I am happy to take any questions that you have.