

Testimony of the Associated Pennsylvania Constructors (APC)

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Before

House Transportation Committee

**Effects of Using the Motor License Fund to Supplement the Budget of
the Pennsylvania State Police**

**515 Irvis Office Building
Harrisburg, PA**

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Chairman Nielson, Chairman Benninghoff, and members of House Transportation Committee, thank you for the opportunity to comment on restoring highway user monies to the Motor License Fund.

The Associated Pennsylvania Constructors (APC) is a trade association that unites more than 400 members including prime and subcontractors, consulting engineers, material suppliers, manufacturers, and others with an interest in Pennsylvania's road and bridge construction industry. The association has been serving the industry for over 90 years and represents the majority of actively bidding contractors in the Commonwealth's \$2 billion highway industry.

One of the major drains on the state highway fund (Motor License Fund) has been a continual transfer to the Pennsylvania State Police for its general operations. Currently \$500 million annually is budgeted for the State Police operating budget instead of being used as intended – to bring the condition of our bridges and highways up to acceptable conditions. A chart showing the historical drain of Motor License Funds to the State Police Budget is attached.

APC supports an immediate end to the total \$500 million in gas tax revenue being diverted for non-highway capital spending. Immediately eliminating the total diversion of highway user fees to the General Fund would put the

Commonwealth in a stronger position to match federal discretionary funds available from the *2021 Bi-Partisan Infrastructure Law*.

A 2021 poll revealed 61% of respondents support this initiative, while 22% oppose it and 15% are undecided. Other poll findings show that:

- 16% of respondents believe the condition of Pennsylvania’s roads, bridges and highways is good, while 82 percent believe they are only fair or poor.
- 26% believe road conditions have improved in recent years, 27% believe they have declined, and 42% believe they are about the same.
- 39% believe there is definitely or probably adequate funding for highways and bridges, while 43% believe there is probably or definitely not enough.
- 74% believe drivers of conventional and electric vehicles should pay the same user fees.
- 71% believe lawmakers in Harrisburg and Washington should make sure highways and bridges are adequately funded.

Governor Shapiro has proposed a new approach to funding the State Police, which will have a secondary effect of adding additional dollars to the state’s Motor License Fund (MLF)—the lifeblood of how the highway construction industry is funded. Specifically, the budget calls for a new Public Safety and Protection Fund (the PSP Fund) designed to end the decades-long transfer of MLF dollars for State Police operations. Currently, that number is slated to be \$500 million. The Governor is calling for this new fund to be an exclusive and dedicated way to fund the State Police in the future.

Governor Shapiro’s proposal calls for decreasing the amount transferred from the MLF to the State Police by \$100 million per year for the next five years. The new PSP Fund would receive other direct revenues and no more MLF monies or fuel taxes would go for State Police operations after this five-year period.

Approved earlier this year by the PA Senate, SB 121 would reduce the diversion of Motor License Fund Revenues to the PA State Police by \$250 million beginning in FY 2023-24, and \$50 million per year for several years to

zero. SB 121, of course, provides a more aggressive timeframe and would put more money into PennDOT's' capital program. Much of this would be used to fully access available federal *2021 Bi-Partisan Infrastructure Law grant opportunities*.

In addition to increases in core highway and supplemental bridge formula funds of about \$4 billion, over the five-year life of the bill the *Bi-Partisan Infrastructure Law*, over five years, nationally provides \$27.25 billion in potential highway and bridge grant opportunities.

If Pennsylvania applied for and received its historic 4% of federal transportation funding, that would amount to \$1.09 billion or an average of \$200 million per year above the core highway program and supplemental bridge formula programs contained in the federal act. However, APC believes an immediate return of monies to the Motor License Fund is necessary to fully access those grants.

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History of MLF and GF Payments to the PA State Police -- 2001 to 2022

