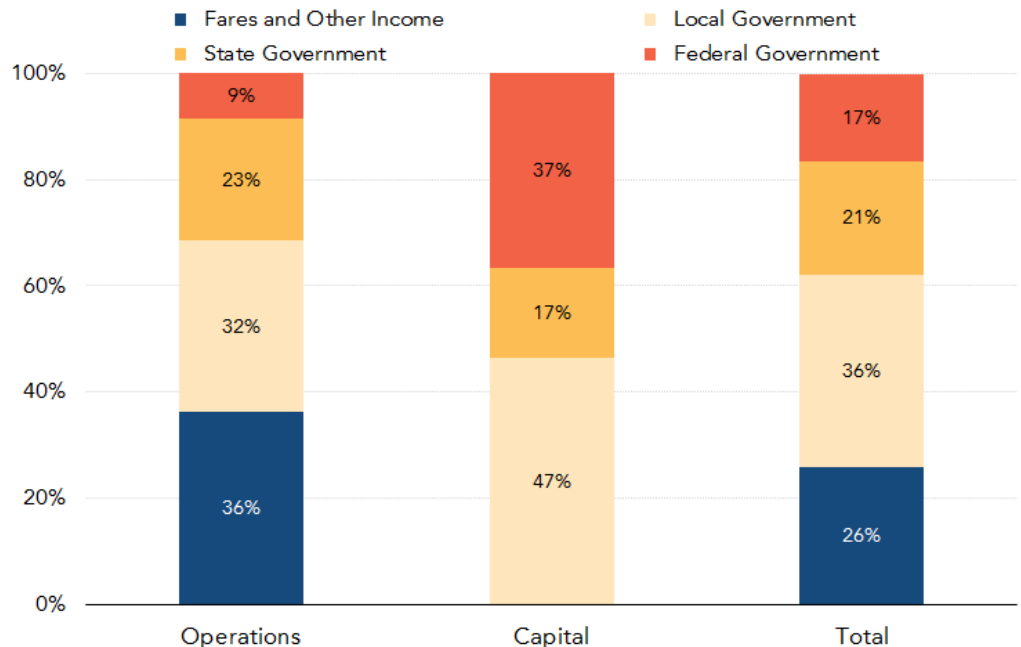


**TESTIMONY
OF
HNTB CORPORATION
BEFORE THE
PENNSYLVANIA
HOUSE OF REPRESENTATIVES
COMMITTEE ON TRANSPORTATION
SEPTEMBER 12, 2023**

With all 67 counties in the Commonwealth being served by public transportation, transit is a topic that impacts everyone in Pennsylvania. From Cambria County Transit Authority (CamTran) to County of Lackawanna Transit System (COLTS) to the Lehigh and Northampton Transportation Authority (LANTA) to every system in between, challenges in transportation funding are a common topic in the industry. At HNTB we plan, design and manage the construction of rail and public transportation systems and facilities across the nation. With over 200 professionals in Pennsylvania and over 6,000 professionals across the firm, we offer unique insights into how Pennsylvania transit funding compares to the rest of the country, the benefits of transit funding and best practices surrounding funding.

Defining Pennsylvania's Transit Funding

Looking at transit revenue trends across the country, the Congressional Research Service, *Federal Public Transportation Program: In Brief*, February 2020 (Figure 1) offered a relatively even distribution of transit revenue sources between the fare box and state, local and federal governments.



Source: Congressional Research Service, *Federal Public Transportation Program: In Brief*, February 2020 (Data sourced from American Public Transportation Association's 2019 *Public Transportation Fact Book*).

Figure 1

In comparison, when reviewing Pennsylvania transit agency information available from the [Federal Transit Administration](#), a wider range of percentages of these sources are seen. For example, in the FY 2024 SEPTA capital program (Figure 2), local funds represent only 1.5% of the capital budget and the FY 2024 SEPTA operating budget (Figure 3) indicates the local subsidy (funds received from another source that are used to cover the cost of a service or program that is not self-supporting) contribution is at 9.2% of the total subsidies received by SEPTA. An example of peer regions investing more in infrastructure is highlighted in a January 2023 Philadelphia Business Journal article. The article cited that Denver invests seven times more per capita annually in funding than Philadelphia. Revenue mechanisms used in other parts of the country yet not currently used by Pennsylvania transit agencies include: transportation development credits, property taxes and tolls.

PROPOSED FY 2024 CAPITAL BUDGET: SOURCES OF CAPITAL FUNDING

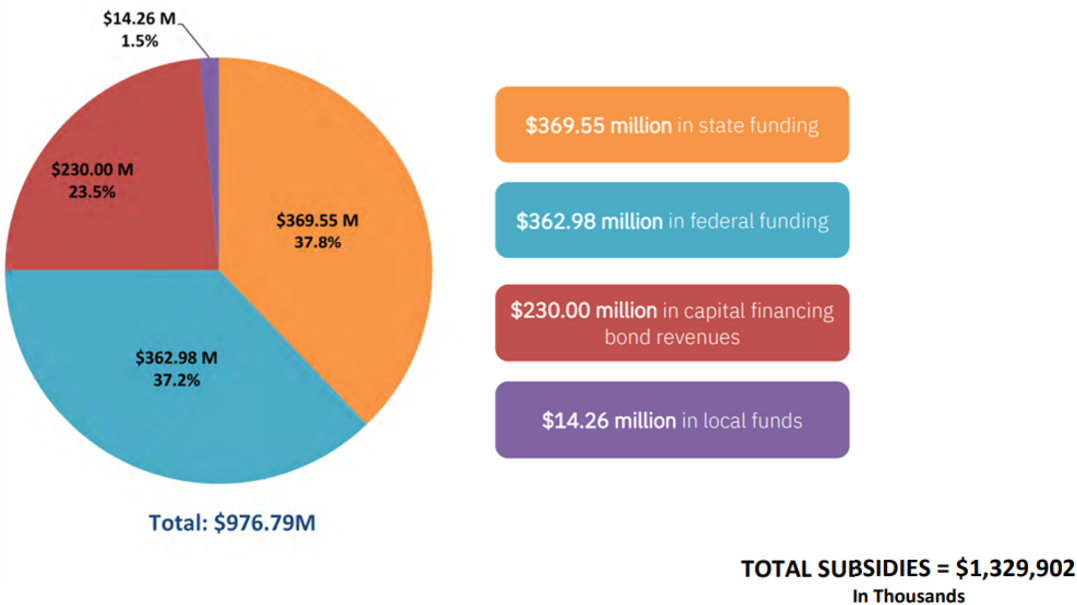


Figure 2

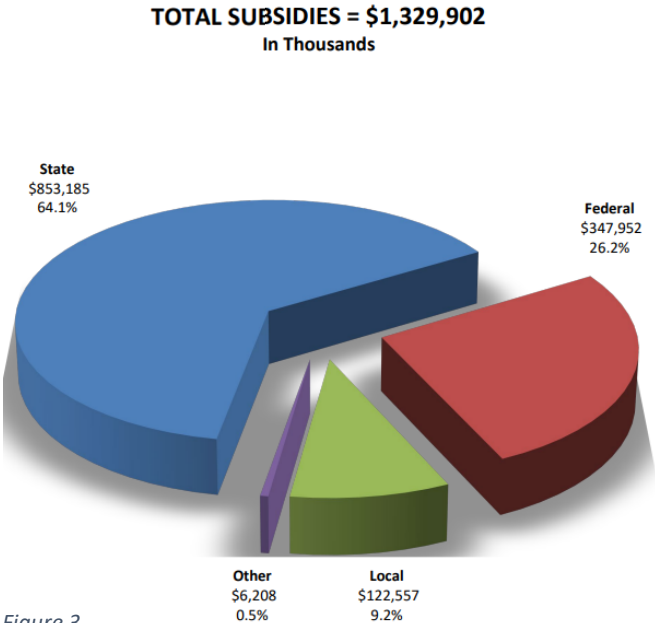


Figure 3

In Pennsylvania, the low levels of local government investment in transit can be attributed to state restrictions to raise revenue. Representative Hohenstein’s HB 1307 looks to change this disparity in local contributions by amending the Pennsylvania Consolidated Statutes to allow counties to raise their own funds that can be used for public transportation. Additionally, the Pennsylvania Constitution indicates that gas tax revenues are prohibited from funding public transit. Pennsylvania is one of 23 states (Figure 4) that would need to go through the laborious and time-consuming path of passing a constitutional amendment to use gas tax revenues to fund transit.

The Pennsylvania legislature has made attempts to address transit revenues, with unintended consequences resulting from each piece of legislation passed. In 2013, the Pennsylvania State Legislature passed Act 89, thereby creating a ten-year solution to infrastructure funding in Pennsylvania through an increase in the state gas tax. While this was a very positive outcome for the roads and bridges of Pennsylvania, Act 89 also resulted in a future transit funding gap. Act 89 included language to rescind Act 44 of 2007, which legislated \$450M per year in revenue to be paid to PennDOT by the Pennsylvania Turnpike Commission. This \$450M payment to PennDOT was earmarked as transit funding for all transit agencies in every county across the Commonwealth. Under Act 89, this payment to PennDOT sunsetted to \$50M per year in 2022, thus resulting in a current \$400M per year funding gap.

The \$400M annual funding gap from the sunset of Act 44 was overshadowed by the federal COVID-19 relief funds provided to transit agencies across the country. COVID-19 presented an unparalleled challenge in the way it substantially affected ridership levels within transit systems nationwide. To offset this loss, \$69B in COVID-19 relief funds were distributed to transit agencies across the country and now those funds are dwindling.

Restrictions on usage of gas tax revenue by state

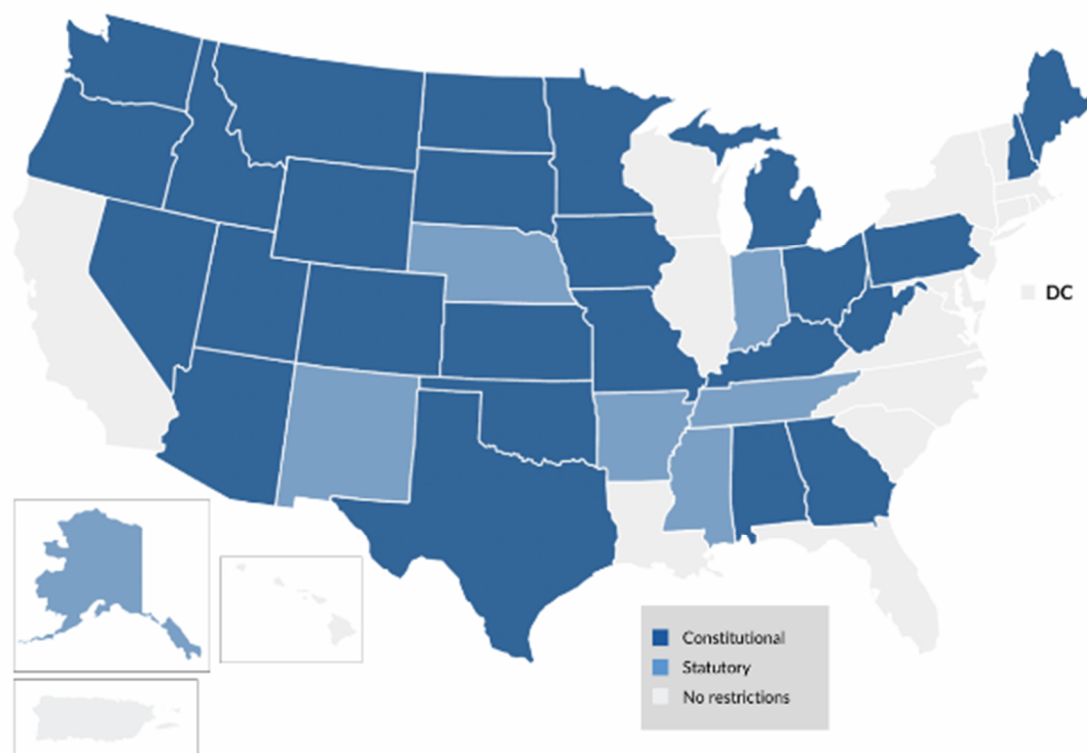


Figure 4

Opportunities & Benefits

It is important to note that funding for transit agencies is required as matching dollars to position Pennsylvania for maximizing federal capital grants. If the agencies have more dollars, they'll have more opportunities to leverage them for federal grants.

Transit agencies equipped with the proper funding have significant benefits that reach beyond transit customers. Some common advantages include:

- **Environmental** – Public transit options are typically more energy-efficient and produce fewer greenhouse gas emissions per mile compared to private vehicles, resulting in environmental benefits for all Pennsylvanians. In 2022, Washington State Governor Inslee signed the [Move Ahead Washington](#) legislation into law. This legislation included the creation of a commitment to address climate change initiatives, such as supporting energy saving efforts through reduced carbon emissions (using the subway instead of a car reduces emissions by 84%), utilizing clean technology (hybrid electric buses) and lowering gas consumption.
- **Accessibility** – Transit provides a wide array of commuter options for individuals that either cannot afford private vehicles or are unable to drive. All 67 counties in the Commonwealth offer public transit in some format, including paratransit services. Paratransit services provide a crucial service in transporting people to medical appointments, especially in rural portions of the state. Transit, particularly in rural areas, allows the elderly to maintain mobility, preventing them from relocating to expensive assisted living facilities. Transit services also offer residents greater access to schools and jobs, by widening access to educational and employment opportunities to those who are unable to drive.
- **Economic** – A transit system can stimulate economic growth by increasing access to employment centers or raising property values. In urban areas, transit can reduce the demand for parking infrastructure, freeing up land for other uses. According to the American Public Transportation Association (APTA)'s [2022 Public Transportation Fact Book](#), public transit in the U.S. has resulted in additional economic benefits, such as:
 - Boosting the economy, as 87% of transit trips directly contribute to local economies.
 - 50,000 jobs being created per \$1B invested in job creation.
- **Congestion** – An investment in transit can result in fewer private vehicles on the road, ultimately easing traffic congestion and reducing commute times. That means that even non-users of public transportation benefit from the existence of high-quality transit service in urban areas.

Case Studies of Transit Funding Best Practices

When critical transit operating services and capital projects are at risk, officials are taking the initiative to find ways to fill the gap with the following solutions:

- [Transit wins at polls 80% of the time in 2022](#) - Voters supported 29 out of 36 transit ballot initiatives across the country in 2022, one year after the Infrastructure Investment and Jobs Act was signed. This is an 80.5% win rate.

- [State Budget Wealth Tax Doubles Transit Investment](#) – In 2022, Massachusetts Governor Maura Healey signed a \$56B state budget, from which the Massachusetts Bay Transportation Authority (MBTA) received \$180.8M in revenue based upon a newly introduced wealth tax.
- [½ Cent Sales Tax Yields 200% Return on Federal Match](#) - In California, the San Diego Association of Governments (SANDAG) has benefitted from its *TransNet* initiative, which raised a half-cent sales tax in San Diego to fund transportation projects. Voters initially approved this initiative in 1987 and extended it in 2004 for 40 years. As of 2021, *TransNet* funds had grown to \$3.3B and leveraged an additional \$10B from federal, state and local funds, delivering 650 projects collectively.
- [Legislation Paves the Way for Atlanta’s MARTA Investment](#) - In 2016, the Georgia General Assembly passed Senate Bill 369, providing the City of Atlanta with the ability to consider a half-cent funding increase for Metropolitan Atlanta Rapid Transit Authority (MARTA) expansion efforts. It then passed at the polls with 71% support and is expected to generate \$2.5B over 40 years. As a result, MARTA is expanding its service, connecting communities within the city and providing further access to occupational and educational opportunities, thereby improving the quality of life for its residents.
- [Education = Ballot Win at Height of Pandemic](#) – To educate voters in advance of a transportation ballot initiative, the Southwest Ohio Regional Transit Authority (SORTA) in Cincinnati facilitated dozens of public meetings to listen to community needs and communicate the benefits from an increased investment in transit. These benefits included: operational service (increased frequency and longer service on nights and weekends) and physical capital improvements (real-time communications and bus shelters). Voters approved this ballot measure in April 2020 during the height of the pandemic when transit ridership was at its lowest in Cincinnati.

Conclusion

The need for increased sources of transit funding is not unique to Pennsylvania. We have seen that the federal government and state legislatures across the country have been forced to rectify this situation. Because of current Pennsylvania State Law, locating the sources of this additional funding is difficult. Citing the case studies from other jurisdictions, we believe the answer to adequate funding lies in these examples. HNTB has experts available and willing to offer additional insights, examples and advice to the Committee, if asked. Thank you for your work in addressing the funding gap for transit in Pennsylvania.

HNTB Contact Information

Please let us know how we can help advance transportation in Pennsylvania forward!



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