

# Summary of TCI Transportation Funding Proposal

## May 31, 2007

### **BACKGROUND (The basis of the proposal)**

The TCI proposal seeks to embrace the four principles of the Pennsylvania Economy League (PEL) Study that was released in October 2006. Those principles are:

- **Regionalism** should play a greater role in transportation policy decision-making and funding
- **Prudent use of debt** should be considered among the ways to finance long-term infrastructure projects
- **Public-private partnerships** of all kinds should be explored and considered as part of the solution
- Future revenue sources should be **dedicated, predictable and inflation-sensitive**

### **ROADS/BRIDGES**

*Total proposed increase: \$1.110 billion/year with growth*

1. Increase the Oil Company Franchise Tax (OCFT) cap to \$1.75 with a 3.5% annual growth escalator
  - Current cap is \$1.25
  - Yield: \$500 million/year
    - \$310 to PennDOT's pay as you go system
    - \$130 for rapid PennDOT bond and county bridge program (\$400 million/year from 2009-2012)
    - \$60 to local governments via normal distribution formula
2. Toll I-80 for approximately \$90 million/year
  - Start with barrier toll system at Ohio boarder
3. Increase PA Turnpike tolls by 25% in 2010 with 3% annual growth rate
  - Shift \$150 million/year for PennDOT county bridge program
4. Enact public/private partnership enabling legislation to allow for unsolicited proposals for PPP arrangements to address capacity and congestion projects
  - Place a 6 month moratorium on monetizing the PA Turnpike
5. Increase registration, title and license fees to raise \$100 million/year dedicated to local governments for local road/bridge program
6. Require PennDOT to implement a pilot program to fund highway using a mileage-based fee system within 36 months. Also, within seven years, eliminate the 12 cent per gallon retail gasoline tax and replace it with such mileage-based fee.
7. Cap State Police funding from the Motor License Fund at \$500 million/year

## **PUBLIC TRANSIT**

*Total proposed increase: \$865 million/year with growth*

1. Increase the Capital Bond Program cap via an additional \$10.5 million from the General Fund
  - Yield: an additional \$125 million/year in capital funding
2. Stabilize funding by eliminating all the various funding streams and consolidate into one General Fund line item. Hold harmless at \$589 million/year
3. Increase the transit funding from the General Fund by increasing the amount of the sales tax received as follows:
  - FY 08—6.5% Yield: \$61 million
  - FY 09—8.00% Yield: \$211 million
  - FY 10—8.75% Yield: \$286 million
  - FY 11—9.50% Yield: \$361 million
  - FY 12—10.0% Yield: \$411 million
4. Create regional authorities in certain metropolitan areas to save approximately \$200 million annually.
5. Enable regions to impose local sales, earned income and/or reality transfer taxes to general additional revenue. Potential yields would be:
  - 0.2% sales tax: \$282 million/year
  - 0.1% earned income tax: \$275 million/year
  - 0.5% reality transfer tax: \$325 million/year

## **SUMMARY**

The TCI proposal will:

- Finance the future of mobility in Pennsylvania
- Reform outdated regional agency models
- Provide new funding for local and county roads
- Give more authority and revenue power regionally
- Adhere to the PEL Study recommendations
- Produce immediate funds and future sources
- Encourage alternate fuels and fuel efficiency
- Provide funding that grows with inflation