



News for Immediate Release

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Governor Corbett Announces Plan to Address Decades of Underfunding for Pennsylvania's Transportation Infrastructure

Plan Would Cut Flat Tax on Gas at the Pump by 17 Percent Over 2 years

Harrisburg –Governor Tom Corbett today announced his plan to inject nearly \$2 billion of additional funding into Pennsylvania's transportation system.

This investment in Pennsylvania's future increases public safety, drives commerce, creates jobs and provides reliable funding for our transportation needs without leaving the bill to our future generations.

Corbett made the announcement on transportation funding as part of his statewide budget address.

"Every year, nearly half-a-trillion dollars worth of goods and services move through our state transportation system," Corbett said. "Transportation is the bloodstream of our economy. If it fails, our economy fails."

Pennsylvania's current transportation funding shortfall has been an ongoing concern that has resulted from inflation, reduced tax income due to more fuel efficient vehicles, and decades of underinvesting.

Left unaddressed, our transportation infrastructure challenges constitute a public safety concern. Currently, more than 31,000 buses carry 1.5 million children to school on our roads and bridges each day. Corbett's plan will address our needs, ensuring our transportation system remains safe and accessible.

With its limited resources, PennDOT has been able to make progress on restoring or replacing old bridges but it has done so at the expense of roadways. The number of roads in poor condition has risen from fewer than 7,500 miles in 2007 to more than 9,200 miles in 2011.

"I am proposing two adjustments to the way we provide for our transportation needs," Corbett said. "I am calling on the legislature to pass a 17 percent reduction in the flat liquid fuels tax paid by consumers at the pump. Second, I am asking the general assembly to begin a five-year phase out of an artificial and outdated cap on the tax paid by oil and gas companies on the wholesale price of gasoline; it is time for the oil and gas industry to pay their fair share of the cost of the infrastructure supporting their industry."

By the fifth year of the plan's full implementation, it is estimated to provide:

- Approximately \$250 million for transit.
- Roughly \$200 million for locally owned roads and bridges.
- Approximately \$80 million for a multi-modal fund providing improvements to bicycle and pedestrian facilities, ports, airports and railways.
- Approximately \$85 million for the Pennsylvania Turnpike Commission to pay for expansion projects.
- Approximately \$1.2 billion for improvements to PennDOT-maintained roads and bridges.

The Oil Company Franchise Tax is a tax levied by the state on wholesale oil distributors based on the wholesale price of gasoline. By gradually eliminating the cap of \$1.25 which was put in place in the early 80's, Pennsylvania expects to realize approximately \$1.8 billion by the fifth year of the plan. The wholesale price of gas reached the \$1.25 ceiling in 2006, so funding from the OCFT has not grown since.

The governor's plan updates a decades-old funding structure that is no longer serving the interest of Pennsylvanians. It sets Pennsylvania's transportation future on a firm and sustainable path.

The governor's long-term funding solution includes components such as:

- Reducing the "flat tax" portion of the gas tax by 17 percent over two years.
- Gradually deregulating and uncapping over five years the artificial ceiling on the Oil Company Franchise Tax that is levied on the wholesale price of gasoline.
- Creating a pool of matching funds for private or local improvements to a non-state road if the improvement benefits the state system.
- Replacing Pennsylvania's current annual vehicle registrations with a two-year registration and the current four-year driver's license with a six-year license.
- Eliminating vehicle registration stickers.

To ensure all new investment is put to work quickly, PennDOT has been working diligently to ensure that it is operating at peak efficiency and that all dollars are used wisely. In fact, the department recently announced that more than \$50 million in savings has been realized through its Next Generation initiative that involves modernizing operations, expanding inter-agency efficiencies and becoming a better business partner.

The plan closely follows the recommendations outlined by Corbett's Transportation Funding Advisory Commission, encompassing customer service enhancements and cost reductions, implementing a multi-modal development strategy, transit improvements and efficiencies, enhancing local roads and bridges, advancing safety and technology, and improving PennDOT business practices.

For more information, visit www.pa.gov/governor.

Media contact: Kevin Harley, 717-783-1116

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