

## SUMMARY OF HB1590 (As Amended in the Senate)

Beginning in fiscal year 2007-08 the Pennsylvania Turnpike Commission (TPC) and the Department of Transportation (PennDOT) will enter into a public-public partnership in order to deliver one of the largest infusions of money into roads, bridges, and transit in the history of the Commonwealth.

The TPC will enter into a fifty year lease agreement which will require it to make payments to PennDOT. In return, the TPC will be allowed to toll and operate Inter-state 80.

Below is a chart of scheduled payments from the TPC to PennDOT:

| Fiscal Year | Total Transfer to PADOT | Funding for Transit | Funding for Roads and Bridges |
|-------------|-------------------------|---------------------|-------------------------------|
| 2007-2008   | \$750M                  | \$300M              | \$450M                        |
| 2008-2009   | \$850M                  | \$350M              | \$500M                        |
| 2009-2010   | \$900M                  | \$400M              | \$500M                        |
| 2010-2011+  | \$900M + 2.5%cola       | \$400M+2.5%cola     | \$500M +2.5%cola              |

The TPC will meet these financial requirements in three ways: by issuing up to \$5B in Motor License Fund backed bonds\*; using excess Turnpike spine-line revenue and monetizing future spine-line revenue; and using excess Interstate-80 revenue and monetizing future Interstate-80 revenue.

**\*The debt service on the bonds backed by the Motor License Fund will be paid by the Commission. The issuance of these bonds will have no effect on the amount of funds available in the Motor License Fund.**

### Transit Funding Changes

HB1590 completely restructures the way mass transit is funded in Pennsylvania. While some of the sources of funding remain the same, the old patchwork system of funding is repealed and replaced with one dedicated fund – the Public Transportation Trust Fund, which will be established in the state treasury.

**Sources of funding:** The following will be deposited into the Public Transportation Trust Fund annually.

|                       | PTAF Money      | 4.400% of Sales Tax** | Lottery Money | TPC Money*    | Act 3 Capital Commitment | TOTAL           |
|-----------------------|-----------------|-----------------------|---------------|---------------|--------------------------|-----------------|
| <b>FY2007-08 est.</b> | <b>\$180.3M</b> | <b>\$392.8M</b>       | <b>\$80M</b>  | <b>\$300M</b> | <b>\$125M</b>            | <b>\$1.08Bn</b> |

\*Beginning in FY2010-2011 this money will be increased by an annual 2.5% COLA (\$250M of this will be operating money in each fiscal year)

\*\* This amount is equal to the total general fund appropriations for transit , plus the \$75M in funding from Act 3.

**Distribution of Funding:** The funds in the Public Transportation Trust Fund will be distributed approximately as follows:

|                  | Operating      | Asset Improvement | Dedicated Capital | Programs of Statewide Significance | New Starts |
|------------------|----------------|-------------------|-------------------|------------------------------------|------------|
| <b>FY2007-08</b> | <b>\$785M*</b> | <b>\$175M**</b>   | <b>\$75M</b>      | <b>\$52M</b>                       | <b>***</b> |

\* This represents a \$250M increase over their current operating funding

\*\* Initially this allocation will consist of the proceeds of Commonwealth capital bonds which will be supplemented by \$50M from the TPC in FY2007-08, in FY2008-09 this will be supplemented with \$100M from TPC, in FY2009-10 with \$150M, and in FY2010-11 forward FY2011-2012 increased by 2.5% annually

\*\*\* PADOT is authorized to spend up to \$50M a year on matching funds for Federal New Start programs.

## Transit Provisions

- **New Operating Money-** The legislation will provide a new infusion of operating money for transit agencies. This money will be available immediately to alleviate pressing budgetary needs and grow in the future to insure financial stability. This money will be distributed to transit agencies based on performance statistics in order to ensure an equitable distribution.
- **Simplified Dedicated Growing Funding-** Funding for transit agencies will be completely overhauled under the new legislation. The current patchwork system of funding will be repealed and the funding that transit agencies are currently receiving will be replaced by a revenue neutral dedicated portion of the Sales and Use Tax. This will ensure that transit agencies have a reliable and growing source of funding in the future.
- **Dedicated Capital Money-** In order to help transit agencies better maintain their current capital and allow them to fulfill outstanding bond covenants, a portion of the Transportation Trust Fund will be driven out to the transit agencies on a formula basis so that they have a steady reliable stream of capital funding.
- **New Needs-Based Capital Money-** The Turnpike Commission will transfer money to PennDOT to be used for additional capital assistance to transit agencies. These funds will be distributed to the transit agencies based on their demonstrated need
- **Funding for Programs of Statewide Significance-** Programs of statewide significance, such as the Persons with Disabilities program will be fully funded using a dedicated portion of the Public Transportation Trust Fund.

## Roads and Bridges Provisions

- **New Growing Source of Funding-** The legislation will provide PennDOT with a much needed infusion of new money to address the current crisis facing Pennsylvania's Roads and Bridges. This money will both be available immediately and grow in the future.
- **Dedicated Funding for Special Needs-** 15% of the funds deposited into the Motor License Fund from the TPC will be set aside to be used at the Department's discretion as contingency funds in case of changes to existing project costs or unforeseen funding needs.
- **Dedicated Funding for localities-** The legislation provides for \$35M a year to be distributed to localities for maintenance of their roads and bridges.

## Other Provisions

- **Local taxation authority-** Second Class Counties will have the *option* of imposing a new tax on liquor-by-the-drink or car rentals.