

Testimony of Jason Wagner
Associated Pennsylvania Constructors
Senate Transportation Committee Hearing on Act 89 of 2013
July 17, 2018

Mr. Chairman, members of the committee, thank you for the opportunity to testify today. I'm Jason Wagner, director of policy and government relations for Associated Pennsylvania Constructors, a trade association representing highway builders.

From the industry's perspective, Act 89 was unquestionably the single-most important piece of state legislation ever. Others have spoken today about the benefits to the Commonwealth and its various constituencies, and we certainly second that.

Five years ago, we faced a dire situation in terms of the condition of our roads and bridges, public transportation agencies, passenger and freight rail, and air and sea ports. Act 89 boosted the available transportation revenue by \$2.3 billion per year. While we still have a long way to go in fixing the Commonwealth's transportation system, we are on our way.

Act 89 was a historic accomplishment in funding transportation in Pennsylvania. It is a multi-modal funding mechanism. It eliminated the flat at-the-pump gasoline tax and provided a revenue source that would grow with inflation. And while it did not provide the \$3.5 billion annual revenue increase that the Transportation Funding Advisory Commission recommended, it was a large enough increase to make a difference.

One of the questions that arose at the time was whether our industry would have the capacity to ramp up to a significantly larger construction program. I think you'll agree that we have most certainly done that. Workforce development is one of the industry's most important initiatives, and as more resources become available, I can assure you that the industry's capacity will increase accordingly.

The jobs that transportation investment creates are not just in the construction industry. The Council of Economic Advisers within the Executive Office of the President estimates that every \$1 billion in federal highway and transit investment supports 13,000 direct, indirect and induced jobs for one year. That means that Act 89 is supporting almost 30,000 additional jobs per year.

The committee is interested in knowing how accountable various organizations are in the spending of the resources entrusted to us. As you may know, about 75 percent of PennDOT's construction budget is subject to the competitive bidding process.

Competition assures that Pennsylvania's transportation dollars are being spent wisely and efficiently.

The committee is also interested in knowing about the risks to reliable, sustainable transportation funding. The good news is that transportation revenue now increases as inflation increases. However, there are threats, as you know. One is the diversion of transportation revenue for other purposes. The General Assembly and governor have taken steps to reverse this revenue diversion. We would like to see it reversed at a faster pace.

Another threat is the sunset in several years of the requirement that the Turnpike Commission provide \$450 million per year for public transportation. It is also possible that a court order could end that subsidy in the very near future.

In both the case of diverted transportation revenue and the sunset of the Turnpike subsidies, the time to begin thinking about how to replace these revenue streams is now. There will be dire consequences if we wait too long. The industry has no specific solutions in mind but will be more than willing to participate in seeking them.

There is yet another threat to transportation funding streams. As fuel efficiency standards become more stringent, and as alternative fuels develop and become more common, revenue from gasoline and diesel-powered vehicles will diminish. The industry believes that transitioning to user fees based on vehicle miles traveled is the fairest and most sustainable solution.

The committee has asked whether there is a phenomenon that we have experienced that may require additional resources or a renewed focus. Yes. The phenomenon is the construction initiative itself. Because the vast majority of construction work involves existing infrastructure, traffic continues to flow while construction occurs. At the same time, drivers have more distractions and little incentive to slow down and pay attention in work zones. It threatens the health and lives of highway workers and motorists, and it must stop.

The answer is automated speed enforcement. The industry appreciates this committee's support of such an initiative and the overwhelming support of the Senate as a whole. And although you have done your part to improve the safety of construction workers and the traveling public in highway work zones, we will not pass up an opportunity to mention the importance of that initiative until the House follows suit.

In summary, our recommendations are as follow:

- Although we appreciate the steps that have been taken to reverse the diversion of transportation revenue for other purposes, we would like to see this happen

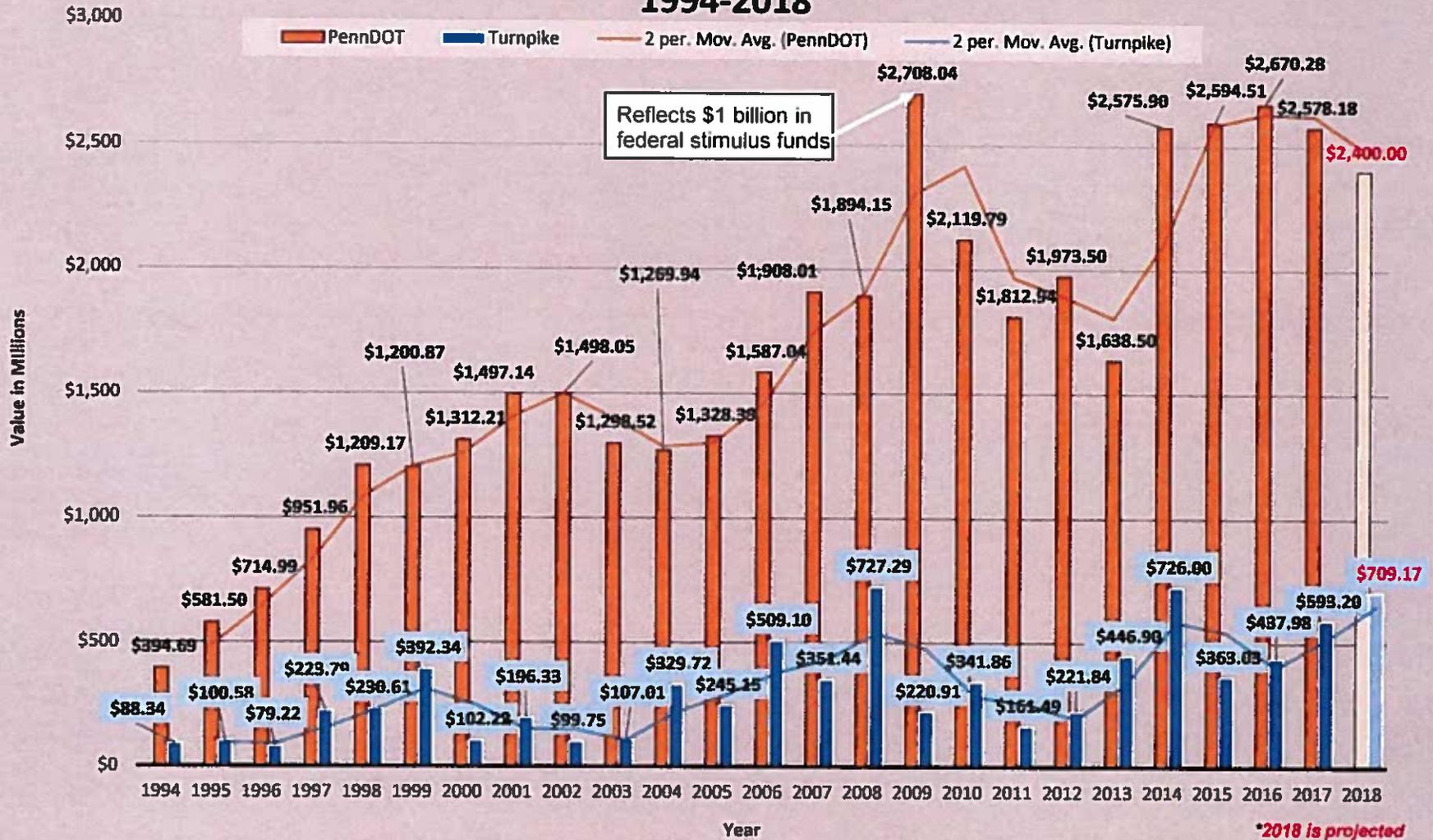
more quickly. Despite the progress that has been made, Pennsylvania's transportation needs are great, and transportation money should be used for transportation.

- The time to begin looking at replacing the revenue in the General Fund that has been diverted from the Motor License Fund is now.
- The time to begin looking at replacing the Turnpike's subsidy to public transportation is also now.
- The time to begin looking at ways to make sure that drivers of alternative fuel vehicles – and more fuel-efficient vehicles – pay their fair share for building and maintaining highways is now.
- The time for the House to address the automated speed enforcement initiative is at its very earliest opportunity.

Thank you again for the opportunity to speak. I'll be happy to answer any questions.

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Dollar Value of PennDOT & Turnpike Contract Lettings 1994-2018



Data compiled by the Associated Pennsylvania Constructors