



## NEWS

# State needs \$1.6 billion to fix roads, bridges

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HARRISBURG — Pennsylvania needs to raise \$1.6 billion through taxes and other means to pay for critical repairs to its road-and-bridge network and fix a broken mass transit funding system, a special state commission said Monday.

The final report by the Transportation Funding and Reform Commission sets the stage for legislative debate early next year over levying taxes at the state and local level to pay for transportation improvements.

The transportation system is in a state of crisis because of an unreliable state revenue source for mass transit systems and the inability of state gas tax revenues to keep pace with construction cost increases for highway and bridge work, the commission concluded.

Inflation has eaten away at the purchase power of current gas tax revenues, last increased in 1997. The strains on the system have resulted in bridges being closed, a decline in smooth pavement indexes and a lag in modernizing traffic signals.

The commission is recommending increases in the state gasoline tax, the state realty transfer tax and motor vehicle registration fees to meet some of the needs. Local governments would get new authority to levy taxes to help pay for mass transit needs.

The commission says the state should consider leasing the Pennsylvania Turnpike to private investors to raise some cash. But there is no mention of making Interstate 80 a toll road, an idea suggested periodically for the past two decades.

"There's no question that what the commission has unveiled here today is challenging," said PennDOT Secretary Allen Biehler at a press conference. "Now is the time to act."

Gov. Ed Rendell, who formed the commission in early 2005, said he will give the commission's recommendations serious consideration. While several lawmakers indicated that transportation bills are unlikely to be voted during the current lame duck legislative session, others said the issue can't be put off too long into the new session that starts in January.

Sen. Roger Madigan, R-23 of Towanda, chairman of the Senate Transportation Committee, said lawmakers should take a cautious approach to the recommended tax hikes.

"The size of the recommended increases is going to be difficult to achieve and I am not immediately recommending that the General Assembly seek to adopt the entirety of (the commission's) recommendations without thorough consideration of the economic impacts, both positive and

negative," he said in a statement.

To pay for highway and bridge work, the commission recommends increasing the state oil company franchise tax — the portion of the gas tax collected from retailers and passed onto consumers — by 11.5 cents a gallon. The gas tax is currently 26 cents a gallon. PennDOT would increase vehicle registration and license fees to generate \$150 million.

In addition, counties would get more money to improve local bridges and roads.

For mass transit funding, the commission recommends hiking the state's current 1 percent share of the realty transfer tax by 0.89 percent. Also, the commission recommends dedicating a portion of either the state sales or state income tax for the state's share of mass transit assistance in exchange for current mass transit tax revenues going to the General Fund. This swap would involve about \$589 million in state revenues.

In addition, the commission calls for legislation to allow counties, municipalities or regional transit authorities to raise additional money for their local mass transit share by either levying a local sales tax up to 0.25 percent, a 0.20 percent earned income tax or a 0.50 percent local realty transfer tax.

The report devotes a section to transportation issues in growing areas and that is an encouraging sign, said Janet Milkman, president of 10,000 Friends of Pennsylvania, an organization interested in land-use issues.

Growing areas need alternatives to highways, she said.

"You can't pave your way out of congestion by building new roads," added Milkman. "You need to give people alternative ways of getting around whether it's a sidewalk, bus or train."

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