

Act 44 Focus



Transportation Funding Highlights

November 2007



BUDGET SOLUTION

- ✓ Act 44 authorizes a 50-year partnership between the Pennsylvania Turnpike Commission (PTC) and the Pennsylvania Department of Transportation (PennDOT) that will provide over \$83 billion dollars for investment in transportation, an average of \$1.67 billion per year, without increasing taxes or privatizing Commonwealth assets.
- ✓ This is 95% of the funding level that the Governor's Transportation Funding and Reform Commission estimated was needed less than a year ago. A majority of this funding will be used statewide to repair roads and bridges. In addition, all of the state's rural and urban public transit agencies will now receive increased, stable, and performance-driven funding annually.
- ✓ For the first time ever, establishes an inflation sensitive, long-term funding stream to solve Pennsylvania's transportation-funding crisis.
- ✓ Immediately provides enough funding to expedite critical highway and bridge projects across the northern tier of the Commonwealth.
- ✓ Ensures public management of vital Pennsylvania infrastructure while ensuring significant capital investment in our transportation network.

REVENUE SOURCES

- The PTC will sell Special Revenue Bonds of up to \$5 billion over 12 years backed by the Motor License Fund, with debt service paid by the PTC. Proceeds will be used for roads and bridges.
- Turnpike "mainline" tolls will increase 25 percent in 2009 and 3 percent each successive year.
- The sale of Turnpike monetization bonds (based on existing mainline infrastructure) will generate approximately \$4.08 billion through 2021.

PA TURNPIKE CONTRIBUTION

Act 44 provides more than \$116 billion over a 50 year period through the Pennsylvania Turnpike Commission for transportation improvement in Pennsylvania. This is more than \$2.3 billion average per year. This includes:

\$83.3 billion

over 50 years (\$1.67 billion per year) to PennDOT for transportation funding;

At least \$8 billion

will be invested directly in I-80; and,

Up to \$24.8 billion

additional will be dedicated for highways and bridges based on the routine toll increases of 3% average per year.

LEASE OF I-80 TO TURNPIKE

- Authorizes execution of a 50-year lease agreement between the Turnpike and PennDOT for tolling I-80.
- PA Turnpike & PennDOT to apply jointly to the Federal Highway Administration under a tolling pilot program for right to operate and toll I-80.
- I-80 maintenance and capital improvements will be carried out totaling \$2 billion over 10 years.
- PennDOT will save on an average of \$80 million per year once I-80 tolls are in place. PA Turnpike assumes cost of maintaining and improving I-80. These funds can be used elsewhere in the PennDOT program.

PA Turnpike Payment Schedule

The payments delivered to date to the Commonwealth for transportation network investment follow:

AUGUST '07 -

\$62.5 million PA Turnpike payment

OCTOBER '07 -

\$229.2 million PA Turnpike payment

The total payment scheduled by year follows:

FY '08 - \$750 million PA Turnpike payment

FY '09 - \$850 million PA Turnpike payment

FY '10 - \$900 million PA Turnpike payment

FY '11 and beyond - contribution increases 2.5 percent annually

More than 50 percent of the revenue will be identified for roads and bridges.

- Federal funds apportioned to the Commonwealth will not decrease as a result of the tolling of I-80.
- Funds generated by PA Turnpike Lease Payments to PennDOT will enable construction of planned improvements and maintenance of state and local roads along I-80 and throughout the state.

Visit our web site: www.paturndpike.com/I80

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