



TO: Members of the Pennsylvania House Transportation Committee

FROM: Kevin Sunday, Director, Government Affairs

DATE: April 10, 2023

RE: Information Hearing on Motor License Fund and Transportation Funding

On behalf of the Pennsylvania Chamber of Business and Industry, I thank Majority Chairman Neilson and Republican Chairman Benninghoff, members of the committee and staff for beginning this committee's work for the 2023-24 legislative session with a conversation on how to build on past momentum towards a sustainable, comprehensive funding system for transportation and infrastructure. As we compare our position versus other states who are gaining population and have better rankings for economic competitiveness, the quality of our infrastructure is paramount to the success of our economy and the safety of our residents.

As such, the PA Chamber continues to support the integrity of the Motor License Fund (MLF) by limiting its expenditures to its intended purpose, which is the construction and maintenance of roads, bridges and infrastructure projects, and to that end we urge the accelerated reduction of the diversion from the MLF to funding the state police. The Senate has already passed legislation in this regard (SB 121) and the Governor has outlined a phasedown of the diversion in his first budget.

More broadly, the PA Chamber, along with many local chambers, advocates, non-profits and others, championed passage of Act 89 of 2013 and the recently enacted federal bipartisan infrastructure law. As members of the committee are well aware, inflation is also substantially increasing labor and materials costs for transportation projects. At the same time, an increase in the fuel efficiency of internal combustion engines and the increase in alternative fueled vehicles, such as electric cars, is reducing the amount of gasoline consumed in the state by approximately 20% over the past two decades, according to PennDOT. Further, the federal infrastructure law also requires a partial state match for new funds, and we are encouraged that both the Governor and leaders in both caucuses have proposed reducing diversions from the MLF in such a manner as to produce sufficient revenues needed for the match.

However, we have concerns with any legislative action that impacts infrastructure funding agreed to as part of extensive deliberation and compromise that was embedded in Act 89, such as freezes to the increase in the gasoline and diesel tax. To the extent any new revenues are needed to ensure a safe and reliable system of infrastructure, we urge lawmakers to consider this issue comprehensively, including funding alternatives like a mileage-based user fee or increased annual registration on electric vehicles, as this policy discussion advances.

For any questions or further discussion, please contact Kevin Sunday, Director of Government Affairs, at ksunday@pachamber.org or 717-645-2071.