



Testimony

Submitted on behalf of the
Pennsylvania Chamber of Business and Industry

**Public Hearing on Optimizing Pennsylvania's
Multimodal Transportation System**

Submitted to the:
Pennsylvania Senate Transportation Committee

Presented by:

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Chairman Langerholc, Chairman Flynn, and members of the Senate Transportation Committee, my name is Allie Kutz, and I am a Manager of Government Affairs for the Pennsylvania Chamber of Business and Industry. The PA Chamber is the largest, broad-based business advocacy association in Pennsylvania. We represent employers of all sizes, crossing all industry sectors throughout the Commonwealth. Thank you for the opportunity to submit written testimony regarding the optimization of Pennsylvania's multimodal transportation system.

Transportation infrastructure is a critical priority for practically every sector of Pennsylvania's economy. The movement of goods, services, and people is essential not only to maintaining current economic activities but also to ensuring that our state remains competitive in attracting new businesses and emerging industries. Maintaining modern, efficient, sustainable, and safe transportation systems is a core function of local, state and federal government and funding these systems in the Commonwealth requires constructive partnership between all levels of government and the private sector.

However, our transportation infrastructure is aging. Pennsylvania's geographic significance on both north-south and east-west shipping corridors contributes to wear and tear; and the state's often harsh winter climate and hot summers also pose a challenge to the design, construction, and upkeep of the state's heavily traveled roads and bridges. The need for continued substantial investment in maintenance and modernization is urgent.

As the state invests revenues from federal infrastructure funding as well as revenues raised in state, the PA Chamber supports efforts that will reduce undue regulatory burdens and the time and resources frequently needed to navigate government processes and regulations, as well as eliminate unnecessary costs that impede the ability of the public and private sectors to work together to improve these essential infrastructure networks. Innovative approaches to funding structures, utilizing emerging transportation technology, and leveraging and maximizing the working relationships between government and the private sector, will all help us tackle these challenges and achieve a 21st century transportation system.

The PA Chamber supports policies that will foster safe, efficient, and interconnected systems of air, road, water, and rail to improve the competitiveness of our employers and attract new businesses to locate in our state. To compete and make Pennsylvania the best state in the country for business, we need public policy that will help our economy thrive and improve quality of life for Pennsylvania citizens and employers.

Funding

Currently, almost all state and federal funding to support transportation infrastructure comes from liquid fuels taxes on oil, diesel, and gasoline. These taxes are, in essence, user fees, and policymakers should ensure that those using our systems of transportation are appropriately paying for it. Additionally, we support policies that

ensure these funds are used for transportation and infrastructure and not diverted for other purposes.

However, as vehicle fuel efficiency increases and the adoption of alternative fuel vehicles accelerates, the revenue generated from these taxes is diminishing. The legislature has clearly recognized this trend and included in the 2024-2025 state budget enactment of a new annual flat fee on electric vehicles to replace the Alternative Fuels Tax, which reports indicate was not paid consistently. Other funding options structured as user fees may be necessary as transportation modes evolve; for example, lawmakers may consider a tax based on miles traveled or efficient and appropriate electronic tolling of state highways to respond to the proliferation of higher efficiency or alternative fuel vehicles.

Policymakers should also consider innovative approaches to equitably fund public transit, particularly as diversions from the Pennsylvania Turnpike to support public transit have phased down in recent years. The availability and affordability of public transit is especially vital to Pennsylvania's workforce and economic activity in all regions. Public transit is key for moving commuters, residents, and visitors throughout the Commonwealth, and the support it receives from policymakers through funding and laws to help sustain their operations should reflect its importance to our transportation ecosystem.

Additionally, Pennsylvania's railways, waterway ports and airports are critically important multimodal components in the health and growth of our economy.

Pennsylvania is fifth in the nation in total track mileage, and the state leads the nation in the number of operating railroads. Rail helps move more than 170 million tons of cargo in and out of Pennsylvania safely and affordably, allowing manufacturing in Pennsylvania to thrive. Also, more than 48 million tons of goods move through our three major ports in Erie, Philadelphia, and Pittsburgh annually. The PA Chamber supports efforts to obtain the highest return on investment in ports already made by the Commonwealth with multimodal funding, including policies that provide investment in maintenance, upgrades, and improvements necessary to be internationally recognized ports. As of January 2024, Pennsylvania's aviation industry supports more than 200,000 jobs, making it one of the largest employment sectors in the state. Public-use aviation facilities alone have an annual state economic impact of over \$34 billion. Pennsylvania's long-term strategic multimodal development plan must include adequate support for each of these networks. Together, they provide access to growth and opportunity and can serve as a platform to establish Pennsylvania as a leader in innovation.

Reform

While adequate funding for transportation infrastructure is essential, it is equally important to ensure that these funds are used efficiently and effectively. Streamlining processes across regional jurisdictions and reducing regulatory burdens will lessen the time and resources needed to navigate multiple layers of local, state,

and federal bureaucracy, allowing for more labor and capital to be directed to maintaining and improving the state's transportation system.

Moreover, public-private partnerships are often an effective means of achieving infrastructure improvements quickly and affordably. By entering into transparent and equitable partnerships, Pennsylvania can accelerate the build-out and maintenance of critical transportation infrastructure. This approach also allows for innovation and efficiency that traditional projects may lack. Public-private partnerships should continue to be utilized as part of modernizing and increasing the efficiency of the 89 public transit systems that are a key resource to move commuters, residents, and visitors. Regulators should also grant appropriate flexibility to freight, rail, and cargo operators when implementing various requirements. Finally, updating and reforming the state's costly, outdated prevailing wage laws will allow more funding to be directed to the actual cost of building and maintaining the state's transportation system. By fostering a collaborative environment between the public and private sectors, we can achieve better outcomes for Pennsylvania's transportation system.

Innovation

The PA Chamber supports policy that encourages the research, development, adoption, and safe deployment of innovative transportation technology and opposes overly burdensome regulations that inhibit their adoption. For example, advances in transportation technology, such as autonomous and connected vehicles and

ridesharing services, have the potential to significantly reduce the cost of moving people and goods on our state and nation's roadways while dramatically increasing safety. Further, establishing Pennsylvania as a leader in the research, testing, and development of these technologies will positively impact economic development and further cement the state's position as a leader in innovation and new technology. These industries and emerging technologies should be encouraged with smart, growth-oriented policies, including tax reform to support start-ups and regulatory reform to expedite the issuance of state permits for new projects and expansions.

Conclusion

The Pennsylvania Chamber is committed to working with the legislature and other stakeholders to ensure that our multimodal transportation systems are adequately funded and well-maintained. By exploring innovative funding mechanisms, ensuring accountability in spending, and embracing public-private partnerships, we can move Pennsylvania forward and create a 21st century transportation system that supports a 21st century economy and improve quality for all Pennsylvanians. Thank you for the opportunity to submit testimony on this critical issue.