



Mass Transit Funding

Six months into the COVID-19 pandemic, the commonwealth is wrestling with numerous challenges. One such challenge continues to be Mass Transit funding. As it currently stands, the **Public Transportation Trust Fund** (PTTF) and **Public Transportation Assistance Fund** (PTAF) fund public transportation. While the state and municipalities grapple with the continued loss of revenues, the Pennsylvania Turnpike Commission (PTC) has struggled as well. The turnpike has seen a tremendous decline in traffic, resulting in the need to delay its July 2020 quarterly payment to PennDOT of which **\$420 million** is provided to PTTF annually. During a recent House Transportation Committee Public Hearing, PTC indicated that it is also seeking a waiver to delay its next quarterly payment due October 2020. The further delay of the PTC quarterly payments creates an additional fiscal headache for Mass Transit Agencies (MTA), given their depleted revenues.

Established under Act 44 of 2007, the **Public Transportation Trust Fund** (PTTF) replaced the Public Transportation Assistance Fund (PTAF), as a dedicated funding source for Mass Transit Agencies. There are a number of revenue sources for PTTF, which include:

- PTC quarterly payments
- Sales & Use Tax (SUT) revenue - provided by an off-the-top reduction of SUT by **4.4%**
- Motor Vehicle Fees under Title 75 (Vehicles) - **77%** of such fees are deposited into the PTTF
 - **§1951(c)** - relating to Driver's License and Learner's Permit
 - **§1952** - relating to Certificate of Title
 - **§1953** - relating to security interest
 - **§1955** - relating to information concerning drivers and vehicles
 - **§1956** - relating to certified copies of records
 - **§1958** - relating to certificate of inspection
- Lottery Fund Transfer
- Miscellaneous Investment Income and other fees

Act 89 of 2013, provided a number of significant changes related to the Public Transportation Trust Fund. The act:

- Increased the PTC transfer from **\$250 million** to **\$420 million** annually
- Provided for the PTC transfer to decrease to **\$50 million** after FY 2021/22
- Starting in FY 2022/23, there would be an additional SUT transfer of **\$450 million** or a ratio of \$450 million divided by Motor Vehicle SUT in FY 2021/22
- Starting in FY 2022/23 there would be a **\$30 million** transfer from PTTF to the Multimodal Transportation Fund

The table on the following page provides a history of revenue collections as a percentage of total revenues deposited into the Public Transportation Trust Fund.

Public Transportation Trust Fund				
Revenues as Percentage of Total				
Revenue Type	2016/17	2017/18	2018/19	2019/20
Sales & Use Tax	40%	37%	38%	37%
PTC Transfer	36%	32%	30%	30%
Motor Vehicle Fees	19%	19%	20%	23%
Lottery Fund Transfer	0%	7%	7%	7%
Other	5%	5%	5%	3%
	100%	100%	100%	100%

Originally tasked as the primary funding source for public transit, the **Public Transportation Assistance Fund** (PTAF) was created under Act 26 of 1991. **Act 44 of 2007** revised its purpose by transferring specialized programs to Public Transportation Trust Fund. Currently the fund functions as an additional source of funding for Southeastern Pennsylvania Transportation Agency (SEPTA), Port Authority of Allegheny County, and a transfer to the Public Transportation Trust Fund. Revenue sources for PTAF include:

- Sales & Use Tax (SUT) revenue - provided by off-the-top reduction of SUT by **0.947%**
- Tire / Rental Fees & Lease Tax revenue

The following table provides a record of revenue collections as a percentage of total revenues deposited into Public Transportation Assistance Fund:

Public Transportation Assistance Fund				
Revenues as Percentage of Total				
Revenue Type	2016/17	2017/18	2018/19	2019/20
Sales & Use Tax	43%	42%	42%	41%
Tire/Rental Fees & Lease Tax	57%	57%	58%	59%
	100%	100%	100%	100%

As can be seen from the funding sources related to PTF and PTAF, the commonwealth and in particular, Mass Transit, is facing a challenge that needs to be resolved much sooner than originally mandated by Act 89 of 2013. Constitutionally, use of Motor License Fund (MLF) resources, as provided by **Article VIII Section 11**, are restricted for use for the costs of construction, reconstruction, maintenance and repair, and safety on, highways and bridges in the commonwealth. Given the constitutional restriction, the solution must come in the form of additional revenue sources, the federal government, or a combination of both.

