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New steps to retiring Turnpike Commission debt

Immediate steps must be taken to begin reducing the legislatively spawned multibillion-dollar debt of the Pennsylvania Turnpike Commission, concludes a new analysis by the Allegheny Institute for Public Policy.

“The state Legislature created this mess and should take steps to remedy the situation,” says Frank Gamrat, executive director of the Allegheny Institute for Public Policy.

The Turnpike Commission must be allowed to “return to its mission of providing transportation on its system rather than bankrolling other agencies,” he says (in *Policy Brief Vol. 23, No.6*).

Last month, the commission raised its tolls for the 15th consecutive year to help it meet the requirements of Act 44 of 2007. That legislation called for tolling Interstate 80 and using the proceeds to not only fund repairs to highways and bridges but to provide funding for mass transit statewide, particularly the hugely expensive systems in Pittsburgh and Philadelphia.

The idea was for the Pennsylvania Department of Transportation (PennDOT) to transfer ownership of I-80 to the Turnpike Commission, which would collect road tolls and remit the money to PennDOT.

But the plan fell apart. Even before the federal government could accept or reject it, the Turnpike Commission had assumed ownership of I-80. Act 44 then required it to begin payments to PennDOT. The first three, beginning in 2008, were \$750 million, \$850 million and \$900 million, respectively.

“But after the federal government denied the request to toll I-80, the Turnpike Commission was still obligated to make the payments. Under Act 44, after three payments, the amount dropped to \$450 million per year through 2057,” Gamrat notes.

Act 89 of 2013 changed the \$450 million annual payment to \$50 million beginning last July. It will remain at that level until 2057. Furthermore, the money can no longer be borrowed against toll revenues, as the Turnpike Commission had been doing. It now must be derived directly from toll revenues and the proceeds funneled, in toto, to non-highway mass transit-related projects.

This long and improvident saga of legislative highwaymavery has left the Turnpike Commission wallowing in a massive debt of *\$17.2 billion*.

Annual toll increases will continue through 2057. But one is left to wonder if the turnpike will be priced out of relevance for motorists. For some, it already has been. Declining usage could place the Turnpike Commission's ability to pay off its debt in further jeopardy.

Thus, state legislative steps must be taken to limit such fallout.

"First, get control of mass-transit costs," says Gamrat, a Ph.D. economist. "Enact a law that eliminates the right of those workers to strike and incentivize the agencies to adjust operations to fit the new post-pandemic realities of lower ridership."

While this won't recover money already spent, it will lower costs and suppress the need for ever more state money for expensive transit agencies. And, just perhaps, the state then could allocate some of the money that would have gone to those agencies to be redirected to help pay down Turnpike Commission debt.

"Additionally" Gamrat says, "a registration fee should be added for electric and hybrid vehicles that are skirting the state's gas tax which pays for road and bridge repairs."

"The new fee could be split between PennDOT and the Turnpike Commission," the think tank scholar says. "PennDOT can use the money for road and bridge repairs and the remainder can help retire [Turnpike Commission] debt."

While these initially might appear to be relatively small steps, they would grow in importance over time.

"They are definitely needed," Gamrat concludes.

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