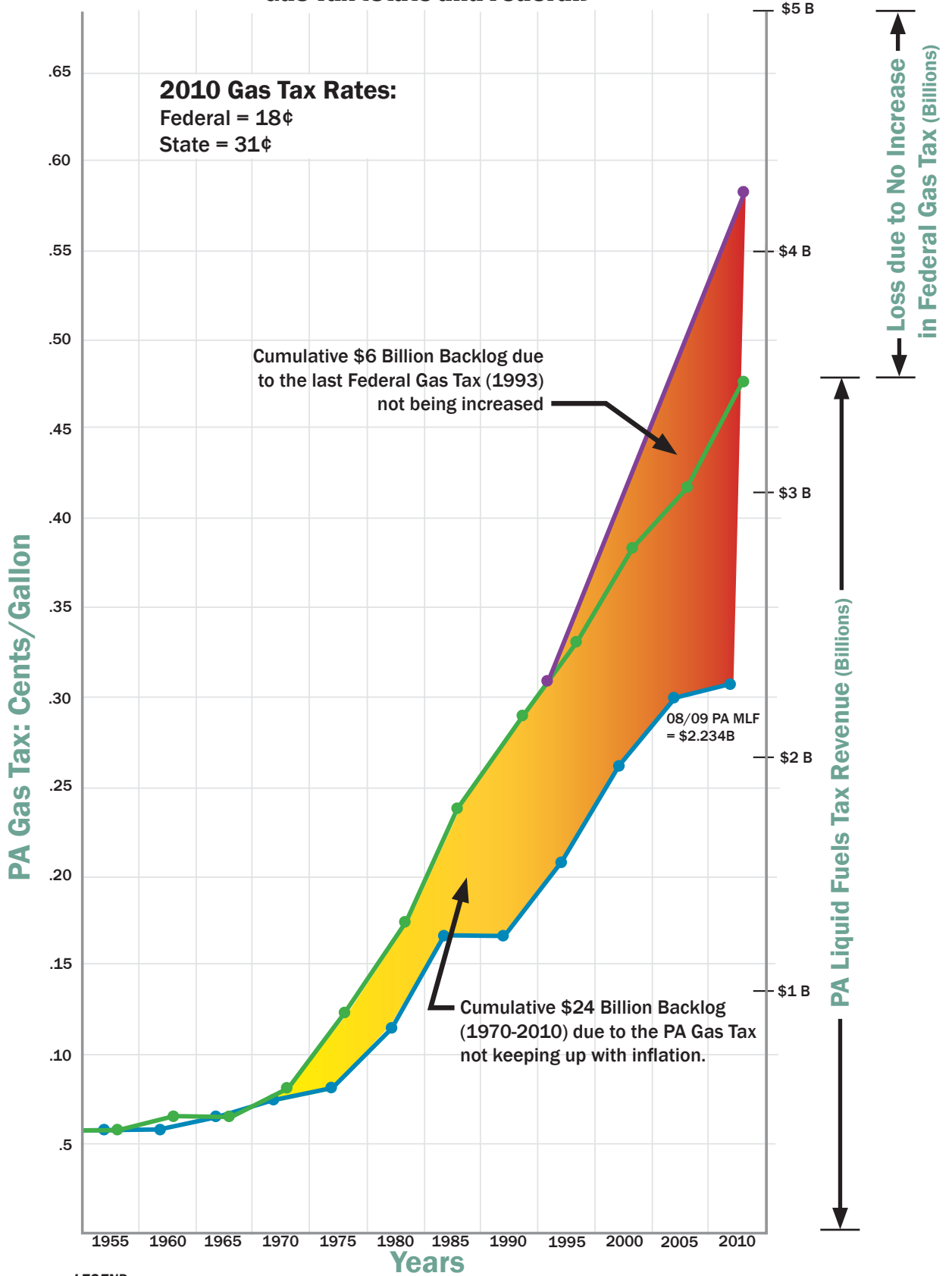


Highway and Bridge Backlog Due to Decreasing Real Investment in the Gas Tax (State and Federal)



LEGEND:

- - Actual PA Gas Tax (cents/gallon)
- - 1955 PA Gas Tax adjusted for inflation (CPI)
- - 1993 Federal Tax index to inflation (approximate)

Note: Motor License Fund includes gas & diesel
 - For Fiscal Year 2010/2011, the Liquid Fuels Tax will be approximately 2/3 of the Motor License Fund Revenue.

During the 1950's and 60's, Pennsylvania made a strategic investment in the roadway system, particularly the Interstates. As shown on the graph, starting in the early 1970's, the gas tax was not adjusted to match inflation, resulting in a cumulative \$24 billion backlog today, from the gas tax alone. If we also consider that the federal gas tax was not increased since 1993 the backlog would increase by at least \$6 billion to a total cumulative backlog of \$30 billion today. A very small portion of this backlog has recently been offset by Act 44, the accelerated bridge program, and the temporary ARRA (stimulus) program.

The need for a higher level of investment has been driven by:

- The increase in the number of registered vehicles
- The increase in the vehicle miles traveled (VMT) and the resulting congestion
- The increase in the truck VMT and truck weights in our "Keystone State"
- Increased environmental sensitivity
- Increased cost of right-of-way
- The explosion in structurally deficient bridges
- The Interstate System reaching its 50 year design life
- Increasing demands on our secondary road system from development and Marcellus shale drilling
- Natural disasters, particularly flooding
- The dramatic recent increase in construction inflation, other than the recent recession.