

DEPARTMENT OF TRANSPORTATION BUDGET HEARING WRAP

Monday, March 9, 2026



General Overview:

Pennsylvania Department of Transportation (PennDOT) Secretary Mike Carroll and PennDOT senior staff testified before the House Appropriations Committee today. House Republicans focused their questions on how PennDOT's various funding streams are being used and their long-term sustainability. Members also asked for an update on REAL ID, CDL testing, and mass transit funding.

Key Takeaways:

- The Governor's FY 2026-27 budget proposal for PennDOT totals \$11.40 billion in total spending. PennDOT's major revenue sources include: Federal grants (\$3.31 billion), the Motor License Fund (\$2.77 billion), the Lottery Fund (\$170.9 million), the Public Transportation Trust Fund (\$2.50 billion), the Public Transportation Assistance Fund (\$285.2 million), and the General Fund (\$3.31 million).
 - The Governor's proposed overall spend for PennDOT is \$513.3 million or 4.3% below FY 2025-26.
- Republicans challenged Secretary Carroll to review the funding mechanisms for our transportation infrastructure and think outside the box from what we have seen in the last several budget proposals.
- The Motor License Fund (MLF) is primarily funded by a 57.6-cent-per-gallon tax and vehicle fees. Gas tax revenues are estimated to stagnate over the next several years. Members learned:
 - Roughly 70% of the MLF is funded through liquid fuels taxes and 30% from fees.
 - The availability of more fuel-efficient and electric vehicles accounts for some of the decline. Act 85 imposes fees of \$250 for electric vehicles and \$63 for plug-in hybrids, bringing in about \$13 million.
- Secretary Carroll confirmed the Governor is no longer seeking to eliminate the State Police's \$250 million line-item from the Motor License Fund.
- The Governor is once again proposing to increase the Mass Transit Sales Tax carve-out to 10.38%, effective in Fiscal Year 2027-28. This 1.75% increase would send transit \$320 million more per year.
 - For Fiscal Year 2026-27, Mass Transit spending is proposed at \$2.86 billion.
- There have been recent high-profile cases of non-citizens obtaining a Pennsylvania CDL. Members of the committee pressed PennDOT on the processes that permit a non-citizen to obtain a CDL.
 - Members were informed that most CDL skills and written tests are only offered in English and follow federal standards.
 - Secretary Carroll said emphatically that there are zero illegal immigrants with PA driver's licenses.
- REAL ID continues to be difficult for many Pennsylvanians to obtain, while the federal deadline requiring REAL ID to board domestic flights or access federal buildings passed in May of 2025.
 - Members learned that around 36% of Pennsylvania driver's licenses are REAL IDs.

Notable Q&A:



Rep. Marci Mustello inquires as to why the Governor is no longer proposing to decrease the State Police's reliance on the Motor License Fund.

Rep. Eric Davanzo asked PennDOT to confirm whether the PA CDL test is offered only in English.



Rep. Jim Rigby discusses the fiscal health of the Motor License Fund and the impact of Act 85's fees on electric vehicles.