

# HOUSE OF REPRESENTATIVES

## DEMOCRATIC COMMITTEE BILL ANALYSIS

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**Bill No:** HB1060 PN2697

**Committee:** Transportation

**Sponsor:** Pyle, Jeffrey P.

**Date:** 2013-11-20

**Prepared** Meredith Biggica

**by:** 717-772-1786

**Executive**

**Director:** Meredith Biggica

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### A. Brief Concept

Proposes a transportation funding package to fund public transit, roads, bridges and other modes of transportation and allows for the vertical display of motorcycle registration plates.

### B. Analysis of the Bill

*The bill was amended with a gut and replace amendment in the Senate to do the following:*

#### ***Public Transit Related Amendments to Title 74 and Title 75:***

##### Chapter 2 of Title 74

Reorganizes PennDOT by consolidating and renaming the deputy secretaries. The bill changes the title of the Deputy for Safety Administration to the Deputy for Driver and Vehicle Services and the Deputies for Aviation and Local and Area Transportation are consolidated into a newly created Deputy for Multimodal Transportation.

##### Section 303 of Title 74

Amends the minority and women-owned business participation section of Title 74 by changing the section heading to "diverse business participation." A "diverse business" would be defined as a "disadvantaged business, minority-owned or women-owned business or service-disabled veteran-owned or veteran-owned business that has been certified by a third-party certifying organization. The amendatory language seeks to maximize participation by diverse businesses in competitive contracts for construction and professional services projects.

The contracting entities (PennDOT, the Turnpike Commission and local transportation organizations) would be required, among other things, to:

(1) Include a notice in solicitation for bids and requests for proposals directing the bidder or offer to document all good-faith efforts to solicit subcontractors that are diverse businesses during the bidding or proposal process;

(2) Provide, within seven days of being declared the low bidder or successful offeror, the name and business address of each diverse business that will provide construction or professional services in connection with the performance of the contract;

(3) Designate an official to supervise the contracting entities' diverse business program and ensure compliance within the contracting entities;

(4) Impose sanctions against businesses that fail to comply with the diverse business participation requirements or the policies of the Commonwealth related to diverse businesses, including debarment or suspension in accordance with Title 62 (procurement).

(5) Ensure that each contract entered with a contractor includes nondiscrimination provisions.

PennDOT, with the assistance of a diverse business enterprise supportive services center, would be required to identify diverse businesses in general construction or professional services capable of performing contracts for transportation projects. The databases maintained by DGS and the Federal Government's system of award management could be used to identify such diverse businesses.

PennDOT would be required to prepare and submit an annual report to the Transportation Committees summarizing the participation levels of diverse businesses in all competitive contract opportunities issued by the contracting entities. The report would be submitted by October 1, 2014, and each October 1 thereafter. It would include information on the participation level of diverse businesses, the total value of all contracts executed that include diverse business participation, and the number of businesses penalized for noncompliance. The Minority Business Development Authority would also receive the report and, after review, could make recommendations for changes to the Secretary and the Transportation Committee chairpersons.

Section 1503 of Title 74 (relating to definitions)

Amends the definition of "base operating allocation" for qualifying transit agencies to be determined by the last full fiscal year that the agency received assistance including the funds received from the Alternative Energy Capital Investment Program. It also changes the definition of "capital expenditure" to give PennDOT discretion to allow preventive maintenance expenses to be eligible as capital expenditure.

Section 1504 of Title 74 (relating to department authorization)

In the event of imminent service termination, allows PennDOT to contract with a local transit agency to provide services. If all other options are exhausted, PennDOT may contract with a transportation company to provide service.

Section 1506 of Title 74 (relating to Public Transportation Trust Fund) and Section 8901 of Title 75 (relating to the Pennsylvania Turnpike)

Requires the entire \$450 million annual payment made by the Pennsylvania Turnpike under Act 44 to be deposited into the Public Transportation Trust Fund (PTTF) of which \$30M must come from current revenue. The payment will continue through FY 2021-2022. For FY 2022-2023 and thereafter the Turnpike's payment shall be \$50 million.

Revenues from the increased fines for failure to obey traffic-control devices, and fines paid in lieu of suspended registrations for lapse of insurance are to be deposited in the PTTF. The receipts from the tax collected under section 238 of the Tax Reform Code on motor vehicles, trailers and semi-trailers that will replace the Turnpike payments in 2022-2023 will also be directed to the PTTF.

Decreases the deposits from the Turnpike payments to the operating program for transit agencies beginning in FY13-14.

- \$209M – FY 13-14
- \$187M– FY 14-15
- \$110M - FY 15-16 and FY 16-17
- \$25M- FY17-18 and thereafter

Also, the PTTF currently receives 4.4% of the sales and use tax and 69.99% of those revenues go to the operating program. The new language increases that percentage to 86.76%. In addition, the operating program will receive revenues from fees collected that are not constitutionally protected.

The operating program will receive:

- 5.8% - FY 13-14
- 8.8% - FY14-15
- 46.6% - FY 15-16
- 46.6% - FY 16-17
- 69.3% - FY 17-18, and each fiscal year thereafter

All revenues for the fine in lieu of suspension will be used for the operating program as well as \$25M from the revenues from the tax collected on motor vehicle, trailers and semi-trailers after FY-2022-2023.

Directs 95% of the remaining revenue deposited into the PTTF from the Act 44 payments and the revenues from the tax collected on motor vehicle, trailers and semi-trailers after 2022-2023, to the

Asset Improvement program after \$30M is deposited in the newly created Multimodal Transportation Fund. Also revenues from fines for failure to obey traffic control devices go to the operating program. A portion of the unprotected fees will also be used for the Asset Improvement Program as follows:

- 34% - FY 13-14
- 35.1% - FY 14-15
- 20% - FY 15-16 and FY 16-17
- 7.7% - FY 17-18 and each fiscal year thereafter,

After allocation to the Asset Improvement Program from the payments made by the Turnpike to the PTF and the revenues from the tax collected on motor vehicles, trailers and semi-trailers, directs any remaining revenue to the Program of Statewide Significance.

Authorizes that no more than \$60M be allocated to fund the Alternative Energy Capital Investment program which is newly established under this bill.

Section 1507 of Title 74 (relating to application and approval process)

Requires transit agencies to provide a statement of policy outlining the basic principles for the adjustment of fare growth to meet the rate of inflation in order to receive financial assistance.

Section 1512 of Title 74 (relating to coordination and consolidation)

Requires PennDOT to study the consolidation and mutual cooperation of transit agencies as a means of reducing expenses without loss of service. The study must look at the creation of service regions to determine if consolidating would reduce annual expenses. If the study determines a net annual savings for the transit agency, they may implement the recommended action. PennDOT must waive the local matches for operating and capital for five fiscal years for a transit agency or municipality that is willing to consolidate.

Section 1514 of Title 74 (relating to asset improvement program)

Allows the Secretary to waive up to 75% of the local match requirements for capital programs upon written request of an applicant and justification for the waiver.

Creates a new subsection for the allocation of financial assistance for the Asset Improvement program among the state's transit agencies:

- SEPTA – 69.4%
- Port Authority of Allegheny County – 22.6%
- All others – 8%
- Before distributing, PennDOT will receive 5% for discretionary use.

Section 1516 of Title 74 (relating to Programs of Statewide Significance)

Amends this section to allow Allegheny County to participate in the Person with Disabilities program. The section is also amended to allow a transit agency to apply for funds from the operating program to assist with a short-term demonstration project to transition into a regular public passenger transportation service.

Creates a Shared Ride Community Transportation Service Delivery Pilot Program to evaluate paying for and delivering shared ride community transportation. The goals of the program are as follows:

- Develop a plan that stays within budget
- Develop standards with need-based priorities
- Develop a business model and fare structure
- Maximize efficiency and effectiveness of services.

An advisory committee is also created and will include the following: a member appointed by the President pro tempore of the Senate; a member appointed by the Minority Leader of the Senate; a member appointed by the Speaker of the House; a member appointed by the Minority leader of the House; two members from the Public Transit Association appointed by the Transportation Secretary; a member appointed by the Transportation Secretary to represent people with disabilities; a member

appointed by the Secretary of Aging; a member appointed by the Secretary of Public Welfare; a member of the County Commissioners Association appointed by the Transportation Secretary; the Transportation Secretary or designee; the Secretary of Aging or a designee; the Secretary of Budget or designee; the Secretary of Public Welfare or designee.

Section 1517 of Title 74 (relating to Capital Improvement program)

States that financial assistance under this program will cease when the secretary certifies that funds are no longer available.

Section 1517.1 of Title 74 (relating to alternative energy capital investment program)

Creates a new section authorizing PennDOT to establish a competitive grant program to implement capital improvements to support conversion of a transit agency's fleet to an alternative energy source. The criteria for grants must include feasibility, cost/benefit analysis and project readiness. PennDOT may also use the funds to supplement a local transit agency's base operation allocation if necessary to stabilize an operating budget.

**Chapter 21 (Multimodal Transportation Fund) –Title 74 Amendment**

Creates a new chapter to establish a special fund in the State Treasury, known as the Multimodal Transportation Fund, to be used for projects which include creating streetscapes, improving sidewalks, and improving the interconnectivity of existing transportation facilities. The money is distributed as follows:

For FY 13-14:

- \$5M – aviation
- \$8M– rail freight
- \$6M - passenger rail
- \$8M – ports and waterways
- \$2M - bicycle and pedestrian facilities

For FY 14-15 and thereafter:

- \$6M –aviation
- \$10M- rail freight
- \$8M- passenger rail
- \$10M-ports and waterways
- \$2M - bicycle and pedestrian facilities

Grants for these programs shall be automatically adjusted for 24-month periods beginning July 1, 2015-June 30, 2017, and thereafter.

Costs incurred by PennDOT for activities in consultation with the Chairmen of the Transportation Committees related to these programs are not to exceed:

- \$0 for FY 13-14
- \$20M for FY 14-15
- \$40M annually in FY 15-16 and thereafter (\$35M of which shall come from OCFT revenues)

Remaining funds shall be transferred to the Commonwealth Financing Authority. Guidelines for the awarding of these funds shall be developed by the authority.

This Chapter also creates a Balanced Multimodal Transportation Policy Commission to study and make recommendation on developing and maintaining a balanced multimodal transportation policy in PA.

**Chapter 95 (Public Utilities)-Title 74 Amendment**

Allows PennDOT to change, adjust, alter or relocate water and sewer lines owned and operated by a public utility, if needed, during construction, widening or relocation of a state highway, bridge or tunnel. PennDOT may enter into an agreement with the utility to share the costs associated with the work done.

**Chapter 96 (Steel Painting) - Title 74 amendment**

Allows the Department to establish procedures authorizing third parties to prequalify bidders for highway and bridge steel painting projects. Bidders must have obtained a QP1 or QP2 certification or an equivalent certification determined by the Secretary.

#### **First class city consolidated car rental facility - Title 74 Amendment**

Authorizes a city of the first class (Philadelphia) to impose a customer facility charge of not more than \$8 per rental day on a customer renting a vehicle from a vehicle rental company doing business at the airport. The customer facility charge is in addition to other motor vehicle rental fees and taxes and is collected by a vehicle rental company. The revenue is held in a trust fund and is paid to the airport owner before the last day of the month. The revenue is to be used for construction of a consolidated car rental facility, cost of a transportation system, and rental facility operation and maintenance.

#### **Traffic Signals Replacement and Synchronization Program - Title 74 Amendment**

Creates a new chapter that authorizes agility agreements between municipalities and PennDOT to replace, synchronize and time traffic signals in designated traffic corridors and requires the agreement for critical corridors. The term of the agreement may not exceed the useful life of traffic signals. The municipalities must properly maintain and time the traffic signals in accordance with agreements. If a municipality fails to correct deficiencies identified, PennDOT may take action to correct them. PennDOT may deduct actual costs of correcting the deficiencies from payments made to municipalities.

#### **Bridge Bundling Program - Title 74 Amendment**

Creates a new chapter that authorizes PennDOT to bundle the design and construction of highway bridges owned by the Commonwealth or local governments. PennDOT must annually develop a preliminary list from different regions on a rotating basis of eligible bridges and must notify the local government owning bridges recommended for inclusion. PennDOT makes the final determination of bridges to be designed and constructed under the program and provides a list to the planning organizations. Upon execution of the agreement, PennDOT must manage project design and construction. Bridges recommended for inclusion in program are not required to be itemized in the capital budget. A local government that participates shall be eligible to receive a reduction of the local share of the costs associated with the design and construction of up to 100% of the cost as determined by the Secretary. A local government that refuses participation is required to pay 30% of the non-federal share of costs.

### ***Pennsylvania Turnpike related Amendments to Title 74 and Title 75***

#### **Section 8105 of Title 74 (relating to term limits)**

Institutes a two-term limit for members of the Pa. Turnpike Commission. An appointed member who is not reconfirmed/reappointed may continue to hold office for 90 days or until a successor is appointed, whichever is less. Members may not serve more than two four-year terms. Currently, no term limit exists. This does not affect current commissioners.

#### **Section 8121 of Title 74 (relating to annual hearing)**

Requires one Commissioner to testify upon request at a public hearing before the House and Senate Appropriations Committees each year on the operations of the Turnpike.

#### **Section 8204 of Title 74 (relating to audits)**

Requires the Auditor General to review the PTC's performance and operating budget every 2 years instead of every 4 years.

#### **Section 6110 of Title 75 (relating to fare evasion)**

The current penalties under section 6110 for violating the rules and regulations of the PA Turnpike are repealed and replaced with section 6110.1. The new section establishes a new penalty for evading tolls on the PA Turnpike. The following penalties are imposed for a person taking affirmative action to evade tolls: \$3,000 fine for the first offense, \$6,500 fine or imprisonment of no more than six months (or

both) for subsequent offenses. The offense is a misdemeanor of the 3<sup>rd</sup> degree

### ***Amendments to Registrations, Fee Increases and Highway and Bridge Funding to Title 75***

#### Sections 1307, 1332 and 1911 (relating to period of registration)

Allows for the optional biennial registration of a motor vehicle except for those registered under the International Registration Plan or with a seasonal registration or circus or carnival plate. The fee shall be double the cost of an annual fee.

Includes the original language of HB 1060 which amends section 1332 of Title 75 by allowing vehicle registration plates for motorcycles to be mounted in a vertical manner. This would give motorcycle owners the option of displaying the plate vertically rather than horizontally.

#### Section 1332 (relating to display of registration plate)

Eliminates the vehicle registration stickers.

#### Sections 1353, 1354, 1355 and 1370 (relating to registration plates)

Provides for an inflationary fee increase for the Preserve our Heritage, and Zoological registration plates. The Historical Preservation Fund and the Zoological Enhancement Fund will received an increase in the amount of money received from the fee. It also repeals the Flagship Niagara plate which is no longer issued.

By January 1, 2015 and every 5 years thereafter, PennDOT will be required to issue a report the Chairmen of the Transportation Committees on the utilization of special registration plates.

#### Sections 1553 and 1554 (related to occupational and probationary licenses)

Provides for an inflationary fee increase for occupational limited licenses and probationary licenses.

#### Section 1617 (relating to fees)

Provides for an inflationary fee increase for commercial driver's licenses.

#### Section 1786 (relating to required financial responsibility)

Allows for an optional fine in lieu of 3-month vehicle registration suspension for failure to carry financial responsibility; a person can pay a \$500 penalty plus restoration fee of \$50 and provide proof of insurance. An individual cannot exercise the option more than once in a 12-month period.

#### Section 1904 "Unprotected Fees" and Three-Year Inflationary Fee Increase

Fees from the following sections; 1951 (c) (relating to Identification card renewal), 1952 (relating to certificate of title), 1953 (relating to security interest on a title), 1955 (relating to driver information), 1956 (relating to certified copies of records) and 1958 (relating to certificate of inspection) shall be transmitted to Treasury for deposit as follows:

- FY 13-14- 33.9% to the Public Transportation Fund; 30.7% to the Multimodal Fund; and 35.4% to the Motor License Fund.
- FY 2014-2015 – 43.9% to Public Transportation Fund; 23% to Multimodal Fund; and 33.1% to the Motor License Fund.
- FY 15-16 and FY 16-17 – 66.6% to Public Transportation Fund; 23% to Multimodal Fund; and 10.4% to Motor License Fund.
- FY 17-18 and each year thereafter – 77% to Public Transportation Fund; 23% to Multimodal Fund.
- For a 24-month period between July 1, 2019-June 30, 2021, and each 24 months thereafter, fees for trucks and truck tractors, motorbuses and limousines, school buses and school vehicles will be increased as calculated by applying percentage change in CPI-U calculated March 1 through Feb 28. If the fee increase results in a fee less than a whole dollar, the fee will be rounded to the next highest whole dollar.
- For a 24-month period between July 1, 2015 – June 30, 2017 and each 24 months thereafter, all

other fees in Title 75 shall be increased as calculated by applying percentage change in CPI-U calculated March 1 through Feb 28. If the fee increase results in a fee less than a whole dollar, the fee is rounded to the next whole dollar. Unprotected fees are rounded to the next highest dollar.

Section 1920 (relating to trailers)

Increases the fees for trailers over 10,000 lbs. from \$27 to \$35 and optional permanent registration of a trailer from \$135 to \$165. This section also allows for a one-time transfer of a permanent registration.

Chapter 19 and 21 (relating to fees)

Provides for an inflationary increase in fees (except for the fees provided for in Section 1955 related to driver vehicle information) imposed under Chapters 19 and 21. Registration fee increases imposed on motor homes, trucks and truck tractors, motor buses and limousines, school buses, school vehicles and trailers are phased in over four years beginning in FY 14-15. Fees for passenger cars, motorcycles, motor-driven cycles, and light trucks are not increased immediately.

Sections 1903 and 1935 (relating to limitation on local license fees and fee for local use)

Authorizes a county to impose a \$5 fee for each nonexempt vehicle registered with an address located in the county for local use. PennDOT will collect the fee and distribute the revenues to the counties.

Section 1955 (Information concerning drivers and vehicles)

Increases this fee from \$5 to \$8. Also allows PennDOT to charge an additional \$2 if a third-party contractor is used to deliver driver information to another person who has complied with the Fair Credit Reporting Act and certified the intended use with PennDOT and allows that person to re-sell the information to another person who has also complied with the Fair Credit Reporting Act and certified the intended use with PennDOT without the payment of an additional fee

Section 3111 (relating to obedience to traffic-control devices)

Increases the fine under section 3111, relating to obedience to traffic control devices, from \$25 to \$150. No additional costs or surcharges may be assessed upon conviction. \$25 must be deposited in the Judicial Computer System Augmentation Account while the remaining portion must be deposited in the Public Transportation Trust Fund.

Section 9002 (relating to definition of average wholesale price)

Amends the definition of average wholesale price which is used to determine the Oil Company Franchise Tax. The average wholesale price increases as follows:

- January 1, 2014 – December 31, 2014 - \$1.87 per gallon
- January 1, 2015 – December 31, 2016 - \$2.49 per gallon
- After December 31, 2016 - floor is set at \$2.99 per gallon and there is no cap.

The existing floor is 90 cents and the existing cap is \$1.25.

Sections 9004, 9006, 9010 and 9017 (relating to imposition of tax)

Repeals the 12-cent-per-gallon gas tax assessed at retail level and applies it to the Oil Company Franchise Tax by incrementally increasing the mills.

Section 9106 (relating to dirt and gravel roads)

Increases the amount DCNR and the State Conservation Commission receive from the Oil Company Franchise Tax revenue. Currently, DCNR receives \$1M for maintenance and mitigation of dust and sediment pollution from forestry roads, and the State Conservation Commission gets \$4M for maintenance and improvement of dirt and gravel roads. Under this section, DCNR will receive \$7M and the State Conservation Commission will receive \$28M for a total of \$35M of which \$8M annually must go to low-volume road maintenance and improvement.

Section 9301 (relating to supplement funding for municipal highway maintenance)

Allocates \$5M annually beginning in FY14-15 from the Motor License Fund to counties based on square footage of deck area of a county's county-owned bridges relative to the total square footage of deck area

of county-owned bridges statewide. Beginning July 1, 2014, \$30M is allocated from the MLF to municipalities based on the Liquid Fuels Tax Municipal Allocation Law.

Section 9502 (relating to imposition of tax)

Of the 60 mills for FY 15-16 and thereafter, \$35M must be deposited in the Multimodal Fund to be expended according to PA Constitution.

Of the additional 55 mills imposed under Act 26 of 1991, the county maintenance district for highway maintenance will receive 45% (currently 42%) for FY13-14, 29% for FY14-15, 25% for FY15-16, 19% for FY16-17 and thereafter.

14% (increased from 17%) will go for highway capital projects for FY13-14, 30% for FY14-15, 34% FY15-16, and 40% for FY16-17 and thereafter. 15% of the funding for capital projects will be distributed annually at the discretion of PennDOT until 2023-2024.

Of the additional 38.5 mills imposed under Act 3 of 1997, 12% will go to municipalities as in the existing formula and the remaining 88% which is currently used for maintenance is reallocated as follows:

- 68% distributed under the Highway Maintenance formula for FY13-14, 49% for FY 14-15, and 40% for each fiscal year thereafter
- 20% for expanded highway and bridge maintenance for FY13-14, 39% for FY14-15, and 48% for each fiscal year thereafter to be distributed as follows:
  - 15% at discretion of the Secretary
  - Remainder distributed under the Highway Maintenance formula

An additional 64 mills in 2014, 49 mills in 2015, 48 mills in 2016 and 41 mills in 2017 and thereafter is imposed on all motor fuels. This is to incorporate the 12-cent flat gas tax which is repealed under this bill. 4.017% is deposited in the liquid fuels tax fund in the State Treasury which will be paid to counties. The remaining 95.083% will be deposited in the MLF of which 20% goes to municipalities.

Section 9511 (relating to allocation of proceeds)

Reallocates the 3 mills of the OCFT imposed under Act 32 of 1983 for the Highway Turnback program as follows:

- FY13-14 through FY16-17:
  - \$27M to the State Highway Transfer Restoration Restricted Account
  - All other funds will be deposited in the Highway Bridge Improvement Restricted Account for local bridges.
- FY17-18 and thereafter:
  - 1.5 mills in the State Highway Transfer Restoration Restricted Account
  - 1.5 mills in Highway Bridge Improvement Restricted Account for local bridges.

Allocates money to municipalities for traffic signals. In addition, up to \$10 million for FY14-15, up to \$25 million for FY15-16, and up to \$40 million for FY16-17 and thereafter, is appropriated from the Motor License Fund to replace, synchronize, time, operate and maintain traffic signals within traffic corridors. Financial assistance under this section shall be matched by municipal or private cash funding in an amount not less than 50% of the amount of the financial assistance being provided.

Refunds the Boat Fund the amount of the OCFT imposed on fuel for the operation of motorboats and watercraft upon the waters in PA in the full amount. The Pa. Fish and Boat Commission must biannually calculate the amount of fuel consumed and furnish the information to the Board of Finance and Revenue. The Board must review and certify to the State Treasurer for the annual refund.

- For 2013-2017, the money must be used for the improvements of hazardous dams impounding waters of PA on which boating is permitted, including development and clearing of water areas.
- In FY18-19 and thereafter, the money must be used for the improvement of the waters of PA.



## ***Other Amendments***

### Section 3362, 3363 and 6111 of Title 75 (relating to maximum speed limits)

Increases the maximum speed limited to 70MPH on limited-access highways and the PA Turnpike upon the basis of an engineering traffic investigation.

### Section 4902 of Title 75 (relating to restrictions on use of highways and bridges)

Provides relief to low-volume haulers hauling less than 700 loads per year by allowing PennDOT to issue minimum use permits. Low-volume haulers will be excluded from the bonding requirements. Hauling relating to unconventional oil and gas cannot be excluded for the requirements.

### Section 4962 of Title 75 (relating to conditions of permits and security for damages)

Allows PennDOT to issue permits for oversized vehicles authorizing hauling between sunrise and sunset every day of the week. Hauling may not be done in urbanized areas, on holidays, during inclement weather, as restricted by PennDOT.

### Section 4968 of Title 75 (relating to permit for movement during course of manufacture)

Expands current law to allow the hauling of processed milk by annual permit for vehicles up to 95,000 pounds. The application for obtaining a permit must specify the designated route of travel. The definition for "milk" is also changed to include: bulk milk, evaporated milk, raw milk and condensed milk.

### Section 6118 of Title 75 (relating to municipal police officer education and training)

Appropriates \$5M from the Motor License Fund annually to the PA State Police for reimbursement for municipal police officer education and training in accordance with the PA Constitution.

### Section 6506 of Title 75 (relating to surcharges)

Increases existing surcharges for violations of the Vehicle Code (Title 75) with the exception of surcharges assessed in cities of the first and second class. A portion of the surcharge revenue will be deposited in the General Fund. The remaining increased revenue will be deposited in the Public Transportation Trust Fund.

### Section 9024 of Title 75 (relating to application of prevailing wage)

Increases the threshold from \$25,000 to \$100,000 for locally funded highway and bridge projects. Locally funded means a highway or bridge project that is funded entirely by funds:

- paid to counties under section 9010 (b) (relating to use of tax);
- allocate or appropriated to municipalities under the Liquid Fuels Tax Municipal Allocation Law;
- made available to municipalities from the Highway Bridge Improvement Restricted Account within the MLF;
- awarded to municipalities as a transportation enhancement grant under the automated red light enforcement program;
- allocated from municipal budget source using revenue derived through municipal taxes or fees;
- allocated to municipalities under Title 58 (relating to oil and gas).

### Borrowing Authority

Gives the department authority to borrow up to \$500M for eligible projects in the itemization bill. Authority is provided to ensure the department maintains sufficient cash flows to honor current project commitments and begin projects.

## **C. Relevant Existing Law**

### **Act 44 of 2007**

Under this Act a "public-public partnership" between the Turnpike Commission and the Pennsylvania

Department of Transportation was created in order to provide funding for roads, bridges and transit throughout the Commonwealth. Specifically, the partnership entered into by the Turnpike Commission and PennDOT on Oct. 14, 2007 is slated to last for a period of 50 years. The Act also includes an application provision requesting approval from the Federal Highway Administration for permission to place tolls on Interstate 80. The tolls would have been used to fund I-80's reconstruction and make payments to PennDOT. The Feds rejected this proposal.

In addition, the Act requires the Pennsylvania Turnpike Commission (PTC) to make an annual contribution of \$450M to PennDOT. \$250 million of those funds are used for transit operations while the remaining \$200 million is used to fund non-Turnpike road and bridge projects.

### **Title 75 (Vehicles)**

Section 1617 establishes vehicle and driver fees.

Section 1911 currently provides for annual vehicle registration for passenger cars and trucks. Pursuant to section 1912 of Title 75, the current fee for an annual registration renewal of a passenger vehicle is \$36. The current fee for Class 1 trucks is \$58.50 and the fee for Class 2 trucks is \$81.00 as stipulated in section 1916 of Title 75.

Section 9502 establishes the Oil Company Franchise Tax which is imposed on all taxable liquid fuels and fuels on a cents-per-gallon basis and is remitted by distributors of liquid fuels and fuels. The current tax rate is 153.5 mills for liquid fuels and 208.5 mills for fuels.

Section 9004 (a) establishes a permanent State flat tax of 12 cents a gallon on all liquid fuels and fuels used, sold or delivered by distributors in the Commonwealth. One-half cent of the tax is deposited into the Liquid Fuels Tax Fund for distribution to counties.

Section 9010 requires that all money paid into the Liquid Fuels Tax Fund must be paid to the counties on June 1 and December 1 of each year. All money received by the counties is then deposited into a special fund known as the County Liquid Fuels Tax Fund.

### **Title 74 (Transportation)**

Section 1506 establishes the Public Transportation Trust Fund which provides funding for public transportation services.

Chapter 81 deals with the appointment, vacancies, compensation, powers and duties of the Pennsylvania Turnpike Commission (PTC). It also authorizes the collection and disposition of revenue and provides for restrictions on toll revenue as well as providing for administration and enforcement of toll violations.

### **Tax Reform Code of 1971**

Section 2301 (a) creates the Public Transportation Assistance Fund in the State Treasury and specifies how the moneys deposited into the fund will be used.

Section 2301 (b) requires that all funds received by the Department of Revenue shall be deposited into the Public Transportation Assistance Fund.

### **Liquid Fuels Tax Municipal Allocation Law of 1956**

This law establishes how liquid fuels moneys are allocated to municipalities based on the ratio of mileage and population of the municipality to the state totals.

#### **D. Prior Session (Previous Bill Numbers & House/Senate Votes)**

No prior session information exists.

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