

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1060

PRINTER'S NO. 2697

AMOUNT

See Analysis Below

FUND

General Fund
Motor License Fund
Public Transportation Trust Fund
Multimodal Transportation Fund
Historical Preservation Fund
Zoological Enhancement Fund

DATE INTRODUCED

March 25, 2013

PRIME SPONSOR

Representative M.K. Keller

HISTORY OF BILL

Referred to TRANSPORTATION, March 25, 2013
Reported as committed, May 13, 2013
First consideration, May 13, 2013
Laid on the table, May 13, 2013
Removed from table, June 10, 2013
Second consideration, with amendments, June 11, 2013
Re-committed to APPROPRIATIONS, June 11, 2013
(Remarks see House Journal Page 1050-1051), June 11, 2013
Re-reported as committed, June 17, 2013
Third consideration and final passage, June 17, 2013 (199-0)
In the Senate
Referred to TRANSPORTATION, June 20, 2013
Reported as committed, Oct. 15, 2013
First consideration, Oct. 15, 2013
Re-referred to APPROPRIATIONS, Oct. 22, 2013
Re-reported as committed, Nov. 12, 2013
Second consideration, Nov. 13, 2013
Third consideration, with amendments, Nov. 20, 2013

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

DESCRIPTION AND PURPOSE OF BILL

House Bill 1060 Printers Number 2014 as amended by Amendment Number A04734 makes broad changes and reforms to the existing funding structure for mass transportation, highways, bridges, rail freight and ports and waterways.

Specifically, the bill as amended amends Titles 74 (Transportation) and 75 (Vehicles) of the Pennsylvania Consolidated Statutes by doing the following:

- Provides a new chapter for the organization of the Pennsylvania Department of Transportation (Department) and itemizes the areas of responsibility of the Department's Deputy Secretaries;
- Provides for "Diverse Business" participation in contract solicitations for transportation projects;
- Makes changes to the definitions of "Base Operating Allocation" and "Capital Expenditures" in regards to Mass Transportation funding;
- Changes the definition of "Average Wholesale Price" (AWP) when used to calculate the rate of the OCFT;
- Provides for a three year phase out of the current \$1.25 AWP cap;
- Establishes the following AWP's:
 - \$1.87 after December 31, 2013 and before January 1, 2015;
 - \$2.49 after December 31, 2014 and before January 1, 2017;
 - The AWP cap would be eliminated after December 31, 2016; and
 - Beginning January 1, 2017 a floor of \$2.99 would be established.
- Increases certain Title 75 fees to the rate of inflation;
- Increases fees for passenger vehicles, driver's licenses, light trailers, light trucks, motorcycles, learner's permits and antique cars by the Consumer Price Index for All Urban Consumers (CPI-U) on July 1, 2015;
- Provides for inflationary adjustments to these fees every two years after July 1, 2015;
- Incrementally increases fees for heavy trucks, motor coaches, limousines and school buses each fiscal year until FY 2017-18 when they reach the rate of inflation since their last increase in 1997;
- Provides for inflationary adjustments to these fees every two years beginning on July 1, 2019;
- Adds a new chapter establishing a special fund to be known as the Multimodal Transportation Fund (MTF) for the purposes of providing grant funding for rail freight, rail passenger service, aviation, ports and waterways, road and bridge projects, and bicycle and pedestrian related projects;

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

- Provides for the following sources of funding for the MTF:
 - Unprotected Title 75 fees;
 - Redirection of Act 44 funds from the Pennsylvania Turnpike Commission; and
 - Redirection of revenue from the Oil Company Franchise Tax (OCFT).
- Provides for the following distributions from the MTF:
 - \$5 million for aviation in FY 2013-14 and \$6 million in FY 2014-15 and each fiscal year thereafter;
 - \$8 million for rail freight in FY 2013-14 and \$10 million in FY 2014-15 and each fiscal year thereafter;
 - \$6 million for rail passenger service in FY 2013-14 and \$8 million in FY 2014-15 and each fiscal year thereafter;
 - \$8 million for ports and waterways in FY 2013-14 and \$10 million in FY 2014-15 and each fiscal year thereafter; and
 - \$2 million for bicycle and pedestrian facilities.
- Provides for automatic adjustments for the above mentioned distributions every 24-months beginning July 1, 2015 based upon the CPI-U;
- Provides that projects under the MTF would require a local match of not less than 30% of the non-federal share of the project cost;
- Phases out certain unprotected Title 75 fees from the Motor License Fund (MLF) over a five year period and redirects those revenues into the Public Transportation Trust Fund (PTTF) and the MTF;
- Provides for a shift of the current \$200 million Pennsylvania Turnpike Commission (PTC) payment to the Motor License Fund (MLF) for highway and bridge uses to the PTTF for transit uses and the MTF, beginning in fiscal year 2014-15;
- Eliminates the PTC's annual \$450 million obligation to the Department after FY 2021-2022 and replaces that revenue with a percentage of the sales and use tax (not less than \$450 million) on motor vehicles and trailers;
- Provides that the PTC shall make an annual payment of \$50 million from current revenues to the Department, to be used for mass transit, beginning in FY 2022-23 and each fiscal year thereafter;
- Provides for an optional \$500 fine in lieu of serving a driver's license and/or vehicle registration suspension for failure to carry automobile insurance;
- Increases the fine for a violation of 75 PA. C.S. §3111 (obedience to traffic-control devices) to \$150, of which \$125 will be deposited into the PTTF and \$25 will be deposited into the Judicial Computer Augmentation Account;
- Increases the threshold for local transportation projects, subject to the Prevailing Wage Act of 1961 (P.L.987, No.442), from the current \$25,000 to \$100,000.
- Increases the maximum speed limit on certain freeways from the current 65 miles per hour to 70 miles per hour;

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

- Provides for a “bridge bundling” program to “bundle” state owned and/or locally owned bridges for the purposes of design and construction.
- Provides for additional funds to be utilized for Dirt, gravel and low-volume roads;
- Establishes a new Philadelphia Airport automobile rental fee;
- Provides that certain OCFT funds rebated to the Pennsylvania Fish and Boat Commission shall be used for the improvement of hazardous dams from FY 2013-14 through 2017-18 and for the improvement of certain waters and water areas in the Commonwealth beginning FY 2018-19 and each fiscal year thereafter;
- Establishes a special fund within the State Treasury to be known as the Fee for Local Use Fund;
- Provides that a county may, by ordinance, levy a fee of \$5.00 for each vehicle registered to an address located in the county, of which funds shall be deposited in the above mentioned Fee for Local Use Fund;
- Provides for the distribution of funds from the Fee for Local Use Fund to counties that have implemented the optional \$5.00 fee in accordance with the amounts collected from each county;

FISCAL IMPACT:

The enactment of House Bill 1060, as amended, would generate approximately \$2.4 billion additional annual funding by FY 2017-2018, to be utilized for transportation related infrastructure and operating subsidies. Many of these funding proposals were included in the Transportation Funding Advisory Commission (TFAC) final report on long-term transportation funding options.

The following charts show the estimated revenue sources and transportation modes of which those revenues are expended for during the current fiscal year and FY 2014-15.

Highway & Bridge Funding: (\$ in millions)		
Revenue Source:	FY 2013-14	FY 2014-15
Uncapping the OCFT	\$271	\$925
Replace 12¢ Liquid Fuels Tax with New OCFT Millage Rate	(\$1)	\$4
Title 75 Fee Increases	\$34	\$223
Redirect Unrestricted Title 75 Fees to Mass Transit and Multimodal Fund	(\$63)	(\$96)
Eliminate Act 44 (Turnpike) Transfer to the Motor License Fund	\$0	(\$200)
Total Highway & Bridge Funding:	\$242	\$756

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

Transit Funding: (\$ in millions)		
Revenue Source:	FY 2013-14	FY 2014-15
Unprotected Fees	\$33	\$128
Title 75 §1786 \$500 Fee in Lieu of Suspension	\$0	\$3
Title 75 §3111 \$150 Fine	\$21	\$42
Title 75 §6506 Surcharges	\$5	\$12
Redirect Motor License Fund Act 44 (Turnpike) Transfer to Transit	\$0	\$200
Redirect \$30M of Act 44 (Turnpike) Transfer to Multimodal Fund	\$0	(\$30)
Total Transit Funding:	\$60	\$355

Multimodal Funding: (Aviation, Rail Freight, Passenger Rail, Ports) (\$ in millions)		
Revenue Source:	FY 2013-14	FY 2014-15
Unprotected Fees	\$30	\$67
Redirect \$30M of Act 44 (Turnpike) Transfer to Multimodal Fund	\$0	\$30
Total Multimodal Funding:	\$30	\$97

Total Additional Transportation Funding: (\$ in millions)	
FY 2013-14	FY 2014-15
\$332	\$1,208