



BILL SUMMARY

		<u>DATE:</u>	11/20/13
<u>COMMITTEE:</u>	Transportation	<u>BILL NO.:</u>	HB 1060
<u>PRIME SPONSOR:</u>	Pyle	<u>PRINTER'S NO.:</u>	2697
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A. **SYNOPSIS:**

As amended in the Senate, provides for increased and growing long-term funding for the Commonwealth's transportation system, including highways, roads, bridges, mass transit and other modes.

B. **BILL SUMMARY:**

HB 1060 was amended in the Senate to include a comprehensive transportation funding package that will provide for increased and growing long-term funding for the Commonwealth's transportation system, including highways, roads, bridges, mass transit and other modes.

Overview: Revenue estimates:

- Generates additional \$2.3 billion per year by FY2017-18 for Commonwealth's transportation system.
- Generates additional \$1.65 billion per year for highways and bridges (Motor License Fund) by 2017-18.
- Generates additional \$476 to \$497 million per year for mass transit by 2017-18. Front-loads revenue that is being shifted from Motor License Fund to transit agencies so that transit capital needs can be addressed sooner.
- Generates \$144 million per year for newly created Multimodal Transportation Fund by 2017-18.
- Over 5 years, a total of an additional \$7.36 billion is generated for Commonwealth's transportation system.
- PennDOT estimates achieving \$1 billion in savings over 10 years as a result of improved efficiencies.

Eliminating the State Liquid Fuels Tax:

- Eliminates the 12 cents per gallon state gas tax currently assessed at the retail level. Same tax on diesel fuel is eliminated.
- Adjusts the millage rate of the Oil Company Franchise Tax (OCFT) to offset the elimination.

Uncapping the Oil Company Franchise Tax (OCFT):

- The OCFT is the tax on the average wholesale price of gasoline. It has been artificially capped at \$1.25 per gallon since 1983. The current average wholesale price of a gallon of gas is \$3.11.
- Incrementally eliminates the cap over 5 calendar years.
- Generates an estimated additional \$1.85 billion a year by 2017-18 and an estimated additional \$5.9 billion over five years.

Vehicle Registration Fees:

- Passenger cars: No immediate increase. Increases from \$36 to \$37 in 2015-16 and from \$37 to \$38 in 2017-18. Inflationary increase every two years thereafter.
- Motorcycles: No immediate increase. -Increases from \$18 to \$19 in 2015-16 and from \$19 to \$20 in 2017-18. Inflationary increase every two years thereafter.
- Pickup trucks: No immediate increase. -Increases from \$58.50 to \$60 in 2015-16 & from \$60 to \$62 in 2017-18. Inflationary increase every two years thereafter.
- Antique/classic/collectible cars: No immediate increase. Increases from \$75 to \$77 in 2015-16 and from \$77 to \$80 in 2017-18. Inflationary increase every two years thereafter.
- Trucks (Class 2-4B): No immediate increases to trucks weighing less than 11,000 lbs. Similar inflationary increases begin in 2015-16 and every two years thereafter.
- Commercial and non-commercial trucks 11,001-80,000 lbs. (each weight-class Class 5 through Class 25) will see a phased-in increase beginning 2015, for example:
 - from \$243-\$263 for class 5 & \$1,687 to \$1,827 for class 25 in FY 2014-15
 - from \$263-\$283 for class 5 & \$1,827 to \$1,966 for class 25 in FY2015-16
 - from \$283-\$303 for class 5 & \$1,966 to \$2,105 for class 25 in FY 2016-17
 - from \$303-\$323 for class 5 & \$2,105 to \$2,244 for class 25 in FY 2017-18
 - Inflationary increases every two years thereafter.
- Buses, school buses, limousines and motor homes will have a similar phased-in increase beginning 2014-15. Inflationary increase every two years thereafter.
- Optional biennial registration for all vehicles other than those subject to the International Registration Plan. Takes effect in 2017.

Driver's License Fees:

- Remain at a four-year renewal.
- No immediate increase. Increases from \$21 to \$22 in 2015-16 and from \$22 to \$23 in 2017-18. Inflationary increase every two years thereafter.

Sunset of PA Turnpike's \$450 million Annual Obligation to PennDOT Per Act 44:

- Dedicates the entire \$450 million per year to mass transit, redirecting the \$200 million portion currently dedicated to roads and bridges. \$30 million of that amount will be bondable for major capital expenses, such as bridges, buses and railcar purchases.
- Sunsets annual obligation over eight years.
- After eight years, replaces lost transit funding with revenue from vehicle sales tax.

Fees Not Restricted to Motor License Fund ("Unprotected Fees"):

- Redirects to mass transit the revenue from eight fees currently deposited into Motor License Fund, but not constitutionally restricted to the Fund.
- Generates an estimated \$265 million per year by fifth year.

Miscellaneous Motor License Fund Increases:

- Inflationary adjustments made to various fees that PennDOT assesses, including license plates, overweight/oversized hauling permits, occupational limited licenses, CDLs, probationary licenses.

Surcharges on Traffic Tickets:

- Increases 7 existing surcharges on certain serious moving traffic violations by 50%.
- Estimated to generate additional \$10 million in 2013-14; \$19 million/year in 2014-15 through 2017-18; \$86 million total by 5th year.
- Dedicated to mass transit.

Fines Assessed under Title 75, Section 3111 (Failure to Obey Traffic Control Devices):

- A flat \$150 fine, an increase of \$125. No additional fines or any surcharges will be paid for a conviction under this section.
- Estimated to generate an additional \$40 million a year.
- All but the first \$25 of each fine is dedicated to mass transit.

Financial Responsibility (Lapse of Insurance):

- \$300 fine remains the same.
- Option to pay a \$500 fee in lieu of 90-day suspension of registration.
- Estimated to generate \$7 million.
- Dedicated to mass transit.

Prevailing Wage Reform:

Increases the 52-year-old threshold that determines whether state prevailing wage rates shall be paid for local transportation projects (those funded by local governments). The threshold of \$25,000 is increased to \$100,000 effective 2014.

Local Governments:

- An additional \$220 million a year in Liquid Fuels allocations statewide for local roads and bridges by the 5th year. This is more than a 60% increase over current allocations to local governments.

- Up to \$40 million in grant money by 2016-17 provided to coordinate traffic signals to alleviate congestion and save fuel.
- Up to \$8 million available annually for the paving of low-volume rural roads as part of a \$35 million Dirt & Gravel Roads program.
- Savings of up to 20% local match per bridge under PennDOT's bridge bundling program.
- Ability to waive local match for transit capital projects, as determined by PennDOT upon application.
- Option for counties to assess a \$5 vehicle registration fee.
- Provides incentives, including local match waivers, for transit agencies to consolidate in regions.

Multimodal Fund:

Establishes a dedicated fund for multimodal transportation, making resources available to such facilities as rail, ports, aviation, pedestrians and bicycles. The creation of this fund allows PennDOT to make investments in critical infrastructure by making available dedicated funding not restricted to roads and bridges.

Minimum annual funding levels are established for each of the modes. The remaining discretionary funds will be directed to eligible programs. All funds will be allocated through a competitive grant process administered by PennDOT.

Minimum annual funding levels for each mode:

- Aviation programs: \$5 million in 2013-14 and \$6 million each year thereafter.
- Rail freight programs: \$8 million in 2013-14 and \$10 million each year thereafter.
- Passenger rail programs: \$6 million in 2013-14 and \$8 million each year thereafter.
- Ports and waterway programs: \$8 million in 2013-14 and \$10 million each year thereafter.
- \$2 million annually for programs related to bicycle and pedestrian facilities.

Funding sources for the Multimodal Fund:

- \$30 million of the Act 44 Turnpike obligation redirected from transit.
- A portion of the revenue derived from the 8 "unprotected" fees (\$30 million in first year; \$79 million a year by year 5).
- \$35 million of the OCFT revenue, redirected from Motor License Fund.

Transit Operations:

- Creates a Shared Ride Service Delivery Pilot Program
- Encourages consolidation and/or mutual cooperation of transit systems within regions with incentives
- Requirement for systems to issue statement of policy regarding adjusting fare growth to meet inflation

Dirt and Gravel Roads:

Provides a \$30 million increase to the Dirt and Gravel Road Program through additional OCFT revenue, bringing total funding to \$35 million annually for maintenance and improvement of dirt

and gravel roads. \$28 million for State Conservation Commission grants and \$7 million to DCNR.

Adds a provision to carve out \$8 million of the \$35 million dedicated to the Dirt and Gravel Road Program to be earmarked for the paving of low-volume (500 vehicles or less a day) roads.

70-MPH Speed Limit:

Permits PennDOT and the Turnpike Commission to establish 70-mph speed limits on limited-access highways across the Commonwealth that meet sufficient engineering and traffic criteria necessary for safe operation at such a speed.

Dairy Freight Hauling:

- Current state law allows transporters of raw milk to obtain annual permits for vehicles up to 95,000 pounds, but all processed dairy products are excluded from current law.
- Adds provisions to expand the annual permit to allow the transport of processed dairy products, i.e. skim milk, cream, and condensed (skim or whole) milk (plain or sweetened).

Posted and Bonded Road Exemptions:

- PennDOT may waive the amount that an industry may be responsible for along a bonded road that needs reconstruction if it is determined that another industry contributed to the road destruction to a much greater degree.
- Implementing loads/year exemption will ensure that the timber industry will have secondary method of exemption if/when “at-risk” exemption under Act 13 sunsets.
- PennDOT may audit and revoke permits for fraudulent load counts.
- Cost to implement the new loads per year exemption will be \$50 million per year.
- PennDOT may restrict exempt hauling during freeze/thaw period.

PennDOT Modernization and Cost Savings Initiatives:

Prequalifying steel bridge painters as other contractors.

P3 projects’ development entities shall be responsible for separate bids and awards and entering into separate contracts for each branch of work.

Establishes rules for adjustment of public water and sewer lines as may be required as part of a road construction project.

Consolidation of PennDOT Deputates:

Adds provisions enabling the consolidation of PennDOT Deputates. Specifically, creates a Deputy Secretary for Multimodal Transportation, which will encompass local and public transportation, rail freight, aviation and airports, and ports and waterways.

Bridge “Bundling”:

Chapter 93 is added to Title 74 to provide for PennDOT’s “bridge bundling” program. The purpose of the program is to bundle state owned and/or locally owned bridges for the purposes of cost-efficient design and construction.

Local governments owning bridges that are included in the program, after having been identified as candidates by PennDOT, shall be relieved of any local match requirement. If, however, a locally owned bridge is identified by PennDOT and the local government refuses its inclusion in the program, that bridge will be subject to a local match of 30% of the non-federal share at such time as it is constructed.

Traffic Signals Maintenance Agreement:

Chapter 92 is added to Title 74 to provide for the traffic signal agility program between PennDOT and municipalities. Specifically, it provides for agreements between PennDOT and municipalities for the upgrade and synchronization of signals in a designated traffic corridor. In return, the agreement may include requirements for the municipality to provide transportation-related services to PennDOT. In cases where PennDOT contends municipalities do not meet the requirements of such an agreement, a procedure is put in place for resolution, ultimately culminating with arbitration if necessary. If a municipality still fails to meet its requirements under an agreement, PennDOT is authorized to withhold liquid fuels funds.

PA Turnpike Commission Reforms:

- Adds required performance audit by Auditor General every two years.
- Adds required appearance by Commission before Legislature, if requested, every year.
- Adds abrogation of Turnpike Commission's 50-year lease of Interstate 80, as authorized by Act 44, upon mutual consent with PennDOT.
- Strengthens toll collection enforcement as it pertains to fare evasion, adding summary offenses and for restitution. A 3rd degree misdemeanor is established for persons in systematically used devices or conspire to evade.
- Term-of-office changes for Turnpike Commissioners to the pre-Act 44 language that limits terms affect future appointees and limits to 90 days the amount of time a Commissioner can serve beyond expiration of their term if no replacement has been confirmed.

Philadelphia Airport Car Rental Fee Increase:

Chapter 59 of Title 74 is amended to add a Subchapter C which establishes an \$8 per day fee on motor vehicle rentals at the Philadelphia International Airport. The fee will be used to incur debt to build a multi-story parking facility for the use of the customers of the rental car companies, which will be conveniently located and have the vehicles of all the companies in one area.

The initial \$8 fee, effective immediately upon enactment, may be increased in the future upon the mutual agreement of the city and the rental car companies.

Fish and Boat Commission OCFT Rebate:

Amends Section 9511 of Title 75 to provide for a rebate to the PA Fish and Boat Commission from the OCFT that is paid on fuel used to power motorboats.

For the first five years, the rebate may only be used for the improvement of high-hazard dams and dredging/clearing in the area of the dam. Fish & Boat Commission will be required to come before the House and Senate annually to present their plan to spend this money. Beginning in

fiscal year 2018-19, the rebate may be used for a broader spectrum of motorboat-related amenities.

Municipal Police Officers:

Provides \$5 million annually for the Municipal Police Officers' Education and Training Commission from the Motor License Fund.

Diverse Business Participation:

- Expands the definition of "diverse business" to also include service-disabled veteran-owned small business and veteran-owned small business, in addition to minority-owned business, disadvantaged business, and women-owned business.
- Makes the provisions applicable to the Turnpike Commission.
- Includes requirements for prime contractors to show good faith efforts to solicit subcontractors from diverse businesses.
- With the assistance of the Disadvantaged Business Enterprise Supportive Services Center, PennDOT is required to conduct outreach and report on its outreach program.
- Requires provisions to be subject to the Procurement Code and federal requirements.
- Requires the Department of Labor and Industry, through CareerLink or other programs, and PennDOT to work together on a job placement plan "to help place individuals from population groups with chronically high unemployment rates in jobs related to transportation funding." L&I and PennDOT must issue a joint report to the Governor and all members of the General Assembly on the plan.

Vertical Display of Motorcycle Registration Plates:

- Amends Title 75, Section 1332 (related to display of registration plate) to allow registration plates issued to motorcycles to be mounted on the motorcycles in a vertical manner, provided that the mounting complies with all other provisions of the section.
- Authorizes PennDOT to produce a registration plate for motorcycles which displays the identifying characters on the plate in a vertical alignment.
- As amended on the House floor by the prime sponsor:
 - Requires that if motorcycle owners choose to mount the motorcycle's registration plate vertically, they must obtain from PennDOT a special license plate which displays the plate's identifying characters in a vertical alignment.
 - Specifically prohibits the vertical mounting of a plate that has its identifying characters aligned horizontally.
 - Establishes that PennDOT shall create and issue such a plate upon request for an extra fee of \$20, in addition to the regular annual registration fee of \$18.

Effective Dates:

Immediately:

- Deputy Secretaries change.
- Competitive Contract Opportunities, Feasibility studies, Turnpike Commission appointees and contracts entered into.
- PennDOT and the Turnpike may amend their lease agreement.
- \$1 million transfer to PennDOT operations from Multimodal Fund.
- Debt incurred may be \$500 million in 2013-2014 from the Motor License Fund.

- Feasibility study on consolidation among local transportation organizations.
- Up to 75% of the local match requirement waiver for transit capital program.
- Short-term demonstration projects and potential pilot models.
- Alternative Energy Capital Investment Program.
- Multi-modal Fund minimum spend levels.
- First Class City consolidated car rental facility.
- Appointed Turnpike Commissioners may continue to hold office for 90 days after their term expires and may not serve more than 2 terms.
- Traffic Signals and Bridge Bundling Program.
- Judicial Review regarding documents from any other court or insurance company.
- State vendor may charge up to \$2 for requested driver records.
- Maximum speed limit of 70 mph on freeways and on the Turnpike.
- PennDOT may issue a statement of policy in the *PA Bulletin* on identifying particular vehicles and routes to move milk.
- Average wholesale price on all taxable liquid fuels schedule.
- 2015-16 and thereafter \$35 million into the Multimodal Fund from OCFT
- Traffic Signals grant program.
- Fish and Boat Commission OCFT Refund.
- Capital Improvements Program.

January 1, 2014:

- Unprotected fees schedule.
- The new flat \$150 fine for violation of Section 3111 (Failure to Obey Traffic Control Devices).
- Moving violation surcharge changes.
- The elimination of the 12 cent per gallon tax at the pump and the change in millage to the OCFT to replace it.
- The new Prevailing Wage Threshold for local transportation projects.

April 1, 2014:

- Unprotected fees: Photo ID card and replacement driver licenses; vehicle titles; dealer notification forms; security interests; driver information records; and certified copies of records.
- Identification markers for motor carrier vehicles.

July 1, 2014:

- New transit allocations.
- New license plate fees for Special Funds; antique; classic; collectible; legislative; farm vehicles; ambulances; vehicle dealers; street rod; vanity tags; commercial implements of husbandry; implements of husbandry; mobile homes; and replacement plates.
- Inspection stickers.
- All hauling permits.

January 1, 2015:

- County optional registration.
- Registrations of trucks class 5-25; motor homes; school buses; perm. trailers; & limos.
- Miscellaneous fees including Occupational Limited License; Probationary License; CDL; and fee in lieu of suspension.

December 31, 2016:

- Biennial registration and elimination of license plate stickers.

90 days: Vertical mount motorcycle plate provisions from the original bill.

60 days: All other provisions.

C. CURRENT LAW:

Title 75 is commonly referred to as the Vehicle Code. It was last re-codified by Act 81 of 1976, effective July 1, 1977. The code is designed to conform to the Uniform Vehicle Code, which is accepted nationally as a model for states to follow.

Title 74 governs public transportation in the Commonwealth, aviation in the Commonwealth, the PA Turnpike and PA Turnpike Commission.

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