



ACT 89 OF 2013

HOUSE BILL 1060 (PN2697)

A BOROUGH – FOCUSED ANALYSIS

Revenue Estimates:

\$ 2.3 billion/yr by FY2017-18 for Commonwealth's transportation system

\$ 1.65 billion/yr by FY2017-18 for highways & bridges (Motor License Fund)

\$ 497 million/yr by FY2017-18 for mass transit (rededicated from Act 44 turnpike payments)

\$ 221 million/yr by FY2017-18 for municipal governments

\$ 144 million/yr by FY2017-18 for newly created Multimodal Transportation Fund

Over 5 years an estimated additional \$7.6 billion is generated for the Commonwealth's transportation system.

Revenues accomplished by:

- ✓ Elimination of 12 cents/gallon state tax on gasoline & diesel fuel. Offset by an annually adjusted increased millage to the Oil Company Franchise Tax (OCFT). The existing cap (\$1.25) on OCFT will be incrementally increased until elimination in 2017 at that point a price floor is statutorily set at \$2.99. *Municipalities continue to receive 20% of the new millage rate each year.*
- ✓ Increases in vehicle registration fees for cars & trucks of all classes. Beginning with a \$1 to \$2 fee in year one to moving to a CPI-U basis in 2015. Amended titling fees and a biennial registration plan take effect in 2017.
- ✓ Miscellaneous Motor License Fund increases based on inflation are slated for various items such as license plates, overweight/oversize hauling permits, occupational limited licenses, CDL and probationary licenses.

Funds and Programs:

- ✓ *Newly created **Multimodal Fund** to support grants for airports, rail freight, ports, and waterways, intercity rail, local roads, as well as pedestrian and bicycle facilities. Ramps up to **\$144 million** by FY 2017.*
- ✓ **Dirt, Gravel and Low-volume** road maintenance support resulting from additional **\$35 million** of OCFT allocations to the previously entitled "Dirt & Gravel road program". **\$7 million** annually will be directed to parks & forestry roads (DCNR); **\$28 million** annually provided to State Conservation Commission for grants to dirt, gravel and low-volume state and municipal roads. Of that \$28 million an annual minimum of **\$8 million** will be directed to maintenance and improvements to low-volume roads.
- ✓ **Supplemental Municipal Highway Maintenance** allocations in the amount of **\$30 million** will commence on July 1, 2014. Funds will be distributed to municipalities pursuant to the formula in the Liquid Fuels tax municipal allocation law.
- ✓ **Municipal Police Officer Education and Training** will be provided **\$5 million** annually from the Motor License Fund.
- ✓ **"Bridge Bundling"** program; PennDOT is authorized to bundle state owned and/or locally owned bridges for the purposes of cost-efficient design and construction. Municipalities owning bridges that are included in the program, after having been identified as candidates by the department, shall be relieved of any local match requirement. However, if a local government refuses inclusion in the program it shall be subject to a 30% local match of its non-federal share at the time of construction.

- ✓ **Fee for Local Use** fund enables counties to levy a \$5 fee beginning in 2015 on each non-exempt vehicle registered within its respective county. An estimated **\$57.5 million** annually if enacted by all counties.
- ✓ **Traffic Signal Grant** program provides funding for replacement, synchronization and operation of traffic signals within identified traffic corridors. Includes a *traffic signals maintenance agreement* which PennDOT may operate as an agility-like function. Grants begin at **\$10 million** in 2014-15, **\$25 million** in 2015-16 and **\$40 million** for 2016-17. Maintenance agreements contain stipulations for municipal participants.

Fiscal Highlights:

- ✓ **Prevailing Wage Threshold for Local Transportation Projects** has been increased from \$25,000 to **\$100,000** for locally funded highway and bridge projects. This legislation amends an antiquated figure not adjusted for inflation in 52 years. New threshold became effective January 1, 2014.
- ✓ The addition of **\$220 million** annually by the fifth year of the law change represents more than a 60% increase to local government. Added to the 2013 municipal allocation of **\$320 million** the potential funding stream could be over *one-half billion* dollars by 2018.
- ✓ Up to **\$40 million** in grants by 2016 to coordinate traffic signals to alleviate congestion and save fuel.
- ✓ More than **\$8 million** available annually for paving of low-volume rural roads as part of the increased **\$35 million** Dirt, Gravel & Low-Volume roads program.
- ✓ Savings of up to 20% local match per bridge under PennDOT's bridge bundling program as well as an ability to waive the local match for transit capital projects.
- ✓ Option for counties to assess a **\$5** local use fee to be returned to county and local projects.