



HOUSE COMMITTEE ON APPROPRIATIONS  
2009-10 Legislative Session

**FISCAL NOTE**

HOUSE BILL: 1392

PRINTER'S NO: 1713

PRIME SPONSOR: Gibbons

FISCAL IMPACT SUMMARY	FY 2008/09	FY 2009/10
<b>Estimated Expenditure Increase/(Decrease):</b>		
Motor License Fund	\$0	\$842 <sup>a b</sup>
Beaver County funds	\$0	\$42 <sup>b</sup>
<b>Estimated Revenue Increase/(Decrease):</b>		
General Fund	\$0	\$1
Judicial Computer System Augmentation Account	\$0	\$16
Access to Justice Account	\$0	\$4
Beaver County funds <sup>1</sup>	\$0	\$862
<b>Estimated Net Cost/(Savings):</b>		
Motor License Fund	\$0	\$842 <sup>a b</sup>
General Fund	\$0	(\$1)
Judicial Computer System Augmentation Account	\$0	(\$16)
Access to Justice Account	\$0	(\$4)
Beaver County funds <sup>1</sup>	\$0	(\$821)

<sup>a</sup>This cost was already anticipated and will be funded with current budgeted resources.

<sup>b</sup>Number excludes administrative costs that also will be funded with current budgeted resources.

<sup>1</sup>See text below for more detail on which county funds are impacted.

**OVERVIEW:**

Bill Summary

House Bill 1392 is a freestanding bill that allows the Department of Transportation (PennDOT) to swap land with Beaver County.

According to PennDOT, it will receive land necessary to replace Herman Road Bridge, a structurally deficient bridge currently closed to traffic on S.R. 588 on the southern edge of Brush Creek Park, Marion Township, Beaver County, and in exchange it will transfer land owned by the Commonwealth in Marion Township, Beaver County, to Beaver County for the Brush Creek Park.

According to PennDOT, the land being conveyed to it for purpose of the highway bridge project has restrictions on its use pursuant to the Project 70 Land Acquisition and Borrowing Act (1964, S.S. 1, P.L. 131, No.8), and this bill releases this land from these restrictions. The bill also imposes Project 70 restrictions on the land that PennDOT is relinquishing to Beaver County.

### Background on Herman Road Bridge

Herman Road Bridge is structurally deficient and closed to traffic, forcing all traffic, including emergency vehicles, on a four-mile detour. According to PennDOT, the Project 70 restrictions on the land needed for the bridge replacement is the last remaining issue that needs to be resolved before the bridge can be replaced.

This bridge project is authorized for \$71,000 in state funds by §3(4)(i)(RR) of the Highway-Railroad and Highway Bridge Capital Budget Act for 1982-83(the Act of Dec. 8, 1982, P.L. 848, No. 235), as amended by Act 100 of 1986. Section 10 of the Act allows PennDOT to transfer unused portions of funds from other projects to make up differences between authorized amounts and actual costs.

The Herman Road Bridge is listed in the Commonwealth's 2009 Twelve Year Transportation Program as adopted by the State Transportation Commission and has been assigned project identification number 28955.

PennDOT has already spent approximately \$800,000 for design costs for this bridge, of which Federal highway money paid 80%. The estimated construction cost is \$3.3 million, to be funded totally from state funds, but the actual construction cost may differ depending on the winning bid. The Herman Road Bridge replacement project is listed among the 411 bridges under the Governor's initiative to Rebuild Pennsylvania.

The funding for this project comes from Act 44 of 2007, which provides payments from the Pennsylvania Turnpike Commission.

### Bridge Program Fiscal Information

Formed in 1970, PennDOT is charged with the duty, in part, to construct and maintain the Commonwealth's system of highways and bridges.

State-owned bridge projects are funded from numerous funding streams. Within the Motor License Fund, there is a restricted Highway Bridge Improvement Revenue Account pursuant to Act 3 of 1997 that receives revenue from (1) a 55 mill Oil Company Franchise Tax on the average wholesale price, with a minimum price of 90 cents and a maximum of \$1.25 per gallon, on diesel fuel, (2) a portion of registration fees, and (3) temporary permit fees. The estimated revenue to this account is \$110.7 million for FY 2008/09 and \$109.1 million for FY 2009/10. Act 54 of 2008 authorized the Commonwealth to borrow \$350 million for bridge projects as part of the Governor's initiative to Rebuild Pennsylvania, and the Governor is proposing to borrow an additional \$200 million for FY 2009/10. In addition, Act 26 of 1991 provides 13% of the revenue subject to a 55 mill Oil Company Franchise Tax on the average wholesale price, with a minimum price of 90 cents and a maximum of \$1.25 per gallon, on both gasoline and diesel fuel. This is separate from the 55 mill Oil Company Franchise Tax pursuant to Act 3. The estimated revenue from the Act 26 tax is \$437.3 million for FY 2008/09, of which the bridge project portion (13%) is \$56.8 million. The General Appropriation Act of 2008 (Act No. 38A) provides from the Motor License Fund \$12 million for smoother roads and priority bridges and \$15 million for emergency bridge repair, but the Governor has not renewed his request for these line items for FY 2009/10. Act 44 of 2007 provides payments from the Pennsylvania Turnpike Commission. The portion of these payments for state highway and bridge projects is \$465 million for each of fiscal years 2008/09 and FY 2009/10. If Interstate 80 is not tolled, this payment, pursuant to Act 44, will

be reduced starting in FY 2011/12, leaving only \$165 million for highway and bridge projects. On September 11, 2008, the Federal Highway Administration sent a memo notifying the Commission and the Pennsylvania Department of Transportation that "FHWA has concluded that the agency is unable to move the application under the ISRRPP [Interstate System Reconstruction and Rehabilitation Pilot Program] at this time," thus denying the tolling of Interstate 80.

The Commonwealth receives funding from the Federal government for bridge projects: an estimated \$251 million for FY 2008/09 and \$375 million for FY 2009/10. In addition, the Federal American Recovery and Reinvestment Act of 2009 will provide Pennsylvania \$1.026 billion for highway and bridge projects over two years.

#### Incidental Fee Cost and Revenue Background Information

The transaction of swapping the land will require filing deeds with the Recorder of Deeds in Beaver County. The cost to file a deed in Beaver County is \$41.50 for up to four pages plus \$2 for each additional page. This cost is comprised of the following: a deed filing fee of \$11.50 plus \$2 for each page over the fourth page and a certification fee of \$1.50 pursuant to the Recorder of Deeds Fee Law (1982 Act no 87), and the fee revenue is retained by the county; an \$8 surcharge for the Judicial Computer System Augmentation Account and a \$2 surcharge for the Access to Justice Account, pursuant to §3733(a.1)(1)(v) & (2)(iii), Title 42 (Judiciary and Judicial Procedure), Pa.C.S.; a \$13 surcharge for the Beaver County Affordable Housing Fund pursuant to Chapter 60 (Optional Affordable Housing Funding), Title 53 (Municipalities Generally), Pa.C.S.; a \$3 fee for record improvements for the Recorder of Deeds and a \$2 fee for county record improvements pursuant to §2.1 of the Recorder of Deeds Fee Law; and a \$0.50 tax on deeds pursuant to the Act of April 6, 1830, P.L. 272, No. 157, of which 97% is transferred to the state for deposit in the General Fund and the remaining 3% is retained by the County.

The effective date is immediate.

#### **ANALYSIS:**

According to PennDOT, it anticipates paying \$800 to Beaver County for the land required for the bridge project, and PennDOT plans on transferring land to Beaver County at no cost to the County. The \$800 becomes revenue to the County.

Administrative costs to both PennDOT and Beaver County for implementing the land swap will be absorbed by their respective budgets and will not require additional resources, thus having no fiscal impact.

The swap will require two separate deeds to be filed with the Beaver County Recorder of Deeds. Each deed will cost \$41.50 for the first four pages, plus \$2 for each additional page, and both PennDOT and the County will be responsible for filing the deed of the land it will acquire in the swap. According to the Office of the Recorder of Deeds, most deeds are two to four pages, and both PennDOT and the County is required to pay the fee. Also, both PennDOT and the County are not responsible for the Real Estate Transfer Tax because they are governmental entities. It is likely that these deeds will not exceed four pages, thus the cost for filing the deeds will be exactly \$41.50 each.

The fee revenue due to this bill will be distributed as follows: \$26 to the general funds of Beaver County from the deed filing and certification fees; \$26 to the Beaver County Affordable Housing Fund; \$6 to a Beaver County account to improve records in the Office of the Recorder of Deeds; \$4 to a Beaver County account to improve other county records; \$16 to the state Judicial Computer System Augmentation Account; \$4 to the state Access to Justice Account; and \$0.97 to the General Fund and \$.03 retained by the County from the 1830 Act 157 tax on deeds.

The costs to PennDOT will be funded out of the Motor License Fund from line items already budgeted for bridge projects as described earlier.

The following sources were used in the preparation of this fiscal note: the Department of Transportation, the Department of Revenue, the Beaver County Office of the Solicitor, the Beaver County Recorder of Deeds, and the Beaver County Department of Public Works.

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House Appropriations Committee, (D)

**DATE:** May 11, 2009

**General Note and Disclaimer:** *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*