
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1590 Session of
2007

INTRODUCED BY MARKOSEK, D. EVANS, McCALL AND DeWEESE,
JUNE 18, 2007

REFERRED TO COMMITTEE ON TRANSPORTATION, JUNE 18, 2007

AN ACT

1 Amending Titles 53 (Municipalities Generally), 74
2 (Transportation) and 75 (Vehicles) of the Pennsylvania
3 Consolidated Statutes, providing for public transportation
4 assistance and taxation and for income based on use of
5 Commonwealth highways.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Title 53 of the Pennsylvania Consolidated
9 Statutes is amended by adding a chapter to read:

10 CHAPTER 86

11 TAXATION FOR PUBLIC TRANSPORTATION

12 Sec.

13 8601. Declaration of policy.

14 § 8601. Declaration of policy.

15 The General Assembly finds and declares as follows:

16 (1) Programs under 74 Pa.C.S. Ch. 13A (relating to
17 sustainable mobility options) will require local funding.

18 (2) Local funding under paragraph (1) will require new
19 or additional taxes by political subdivisions.

1 Section 1.1. Chapter 13 of Title 74 of the Pennsylvania
2 Consolidated Statutes is repealed:

3 [CHAPTER 13
4 PUBLIC TRANSPORTATION ASSISTANCE

5
6 § 1301. Definitions.

7 The following words and phrases when used in this chapter
8 shall have the meanings given to them in this section unless the
9 context clearly indicates otherwise:

10 "Asset maintenance costs." All vehicle maintenance expenses,
11 nonvehicle maintenance expenses and materials and supplies used
12 in the operation of local transportation organizations and
13 transportation companies.

14 "Average fare." Total passenger revenue divided by the total
15 number of fare-paying passengers. With regard to the calculation
16 of average fare or base fare for the reimbursement of losses
17 resulting from free service to senior citizens authorized by
18 this part, the Department of Transportation shall not
19 differentiate between bus services provided within an operating
20 unit or division of any transit agency for any reason. Services
21 funded under either the State urban or rural operating
22 assistance programs will be considered separate operating units.

23 "Bus." A motor vehicle designed for carrying 15 or more
24 passengers, exclusive of the driver, and used for the
25 transportation of persons, and a motor vehicle, other than a
26 taxicab, designed and used for the transportation of persons for
27 compensation.

28 "Capital project." Any system of public passenger or public
29 passenger and rail transportation, including, but not limited
30 to, any railway, street railway, subway, elevated and monorail

1 passenger or passenger and rail rolling stock, including self-
2 propelled and gallery cars, locomotives, passenger buses and
3 wires, poles and equipment for the electrification of any of the
4 foregoing, rails, tracks, roadbeds, guideways, elevated
5 structures, buildings, stations, terminals, docks, shelters,
6 airports and parking areas for use in connection with public
7 passenger or public passenger and rail transportation systems,
8 interconnecting lines and tunnels to provide passenger or
9 passenger and rail service connections between transportation
10 systems, transportation routes, corridors, and rights-of-way for
11 any thereof (but not for public highways), signal and
12 communication systems necessary or desirable for the
13 construction, operation or improvement of the public passenger
14 or passenger and rail transportation system involved, or any
15 improvement of or overhaul of any vehicle, equipment or
16 furnishings for any of the foregoing or any part, or fractional
17 and undivided co-ownership or leasehold interest in any one or
18 combination of any of the foregoing, that may be designated as a
19 capital project by the secretary.

20 "Class 1 transit entity." A local transportation
21 organization or transportation company operating 1,000 or more
22 transit vehicles in the peak period.

23 "Class 2 transit entity." A local transportation
24 organization or transportation company operating more than 300
25 but less than 1,000 transit vehicles in the peak period.

26 "Class 3 transit entity." A local transportation
27 organization or transportation company operating 300 or less
28 fixed-route transit vehicles in the peak period serving an
29 urbanized area.

30 "Class 4 transit entity." Any local transportation

1 organization or transportation company which serves a
2 nonurbanized area and, during the 1990-1991 fiscal year,
3 received or was approved to receive funding under the act of
4 February 11, 1976 (P.L.14, No.10), known as the Pennsylvania
5 Rural and Intercity Common Carrier Surface Transportation
6 Assistance Act.

7 "Class 4 transit entity adjusted base grant." The State
8 subsidy for operating expenses a Class 4 transit entity received
9 during the 1990-1991 fiscal year, including any funds
10 appropriated under the act of February 11, 1976 (P.L.14, No.10),
11 known as the Pennsylvania Rural and Intercity Common Carrier
12 Surface Transportation Assistance Act; adjusted for factors
13 which, in the judgment of the department, caused significant
14 increases or decreases in the amount of State subsidy to a Class
15 4 transit entity during the 1990-1991 fiscal year; and further
16 adjusted, with respect to any Class 4 transit entity which
17 received a State subsidy for less than the entire 1990-1991
18 fiscal year, to reflect the annual subsidy that Class 4 transit
19 entity would have received during that fiscal year if it had
20 received a State subsidy for that entire fiscal year.

21 "Community transportation programs." Programs eligible to be
22 funded pursuant to section 1312 (relating to community
23 transportation programs).

24 "Construction." The term includes acquisition as well as
25 construction.

26 "Counties." The term includes any county.

27 "County transportation system." Buses, vans or other transit
28 vehicles purchased, maintained and operated by any county and
29 used to provide free or reduced rate transportation within the
30 county to persons 65 years of age or older.

1 "Department." The Department of Transportation of the
2 Commonwealth.

3 "Equipment" and "furnishings." Any equipment and furnishings
4 whatsoever as may be deemed desirable and required for a capital
5 project and approved by the Department of Transportation for the
6 use and occupancy of that capital project. The terms include the
7 installation of such equipment and furnishings.

8 "Federal agency." The United States of America, the
9 President of the United States of America and any department of,
10 or corporation, agency or instrumentality heretofore or
11 hereafter created, designated or established by, the United
12 States of America.

13 "Fixed-route public transportation services." Regularly
14 scheduled transportation that is available to the general public
15 and is provided according to published schedules along
16 designated published routes with specified stopping points for
17 the taking on and discharging of passengers, including public
18 bus and commuter rail systems. The term does not include
19 exclusive ride taxi service, charter or sightseeing services,
20 nonpublic transportation or school bus or limousine services.

21 "Fund." The Public Transportation Assistance Fund.

22 "Improvement." Any extension, enlargement, equipping,
23 furnishing, as well as any improvement.

24 "Local transportation organization." Any political
25 subdivision or any mass transportation, port, redevelopment or
26 airport authority now or hereafter organized under the Laws of
27 Pennsylvania or pursuant to an interstate compact or otherwise
28 empowered to render, contract for the rendering or assist in the
29 rendering of transportation service in a limited area in the
30 Commonwealth of Pennsylvania, even though it may also render or

1 assist in rendering transportation service in adjacent states,
2 or any nonprofit association of public transportation providers
3 within this Commonwealth.

4 "Materials and supplies." Those categories of expenses
5 contained in object class code 504 as specified in the National
6 Urban Mass Transportation Statistics, 1989 Section 15 Annual
7 Report, Report No. UMTA-IT-06-0352-90-1.

8 "Municipality." Includes any city, borough, incorporated
9 town or township.

10 "Nonurbanized area." Any area in this Commonwealth which
11 does not fall within an area classified as "urbanized" by the
12 United States Bureau of the Census of the United States
13 Department of Commerce in the 1990 Census of Population or any
14 area in this Commonwealth not classified as "urbanized" in any
15 future decennial census of the United States.

16 "Nonvehicle maintenance expenses." The categories of costs
17 associated with the inspection, maintenance and repair of assets
18 other than vehicles, as specified in the National Urban Mass
19 Transportation Statistics, 1989 Section 15 Annual Report, Report
20 No. UMTA-IT-06-0352-90-1.

21 "Pennsylvania Mass Transit Statistical Report." The summary
22 of selected financial and operating data concerning local
23 transportation organizations and transportation companies for
24 services in urbanized areas published annually by the Department
25 of Transportation since the 1973-1974 fiscal year. The
26 department shall publish the Pennsylvania Mass Transit
27 Statistical Report on an annual basis, which report shall
28 contain statistics with respect to the prior fiscal year,
29 including those statistics needed for the department to make the
30 calculations required pursuant to sections 1303 (relating to

1 annual appropriation and computation of subsidy) and 1310
2 (relating to distribution of funding), and such other material
3 as the department shall determine.

4 "Pennsylvania Rural and Small Urban Public Transportation
5 Program Statistical Report." The summary of selected financial
6 and operating data concerning rural and small urban local
7 transportation organizations and transportation companies for
8 services in nonurbanized areas published by the Department of
9 Transportation. The department shall publish the Pennsylvania
10 Rural and Small Urban Public Transportation Program Statistical
11 Report on an annual basis, which report shall contain statistics
12 with respect to the prior fiscal year, including those
13 statistics needed for the department to make the calculations
14 required pursuant to sections 1303 (relating to annual
15 appropriation and computation of subsidy) and 1310 (relating to
16 distribution of funding), and such other material as the
17 department shall determine.

18 "Person." The term includes natural persons, firms,
19 associations, corporations, business trusts, partnerships and
20 public bodies, including local transportation organizations.

21 "Planning, development, research, rural expansion and
22 department-initiated programs." Any program eligible to be
23 funded pursuant to section 1313 (relating to additional
24 programs).

25 "Project grant." The Commonwealth's share of the cost of
26 carrying out the particular project, which cost may include
27 costs incurred prior to the effective date of this part and
28 which cost shall include an appropriate allowance for the
29 administrative expenses involved in carrying out the project.

30 "Property." All property, real, personal or mixed, tangible

1 or intangible, or any interest therein, including fractional and
2 undivided co-ownership interests.

3 "Public highway." Every way or place, of whatever nature,
4 open to the use of the public as a matter of right for purposes
5 of vehicular travel. Solely for the purpose of administering
6 this part, the term shall not be deemed to include a bridge
7 located wholly within this Commonwealth which is open to the use
8 of the public for the purpose of vehicular traffic but which on
9 March 15, 1964, was owned and maintained by a mass
10 transportation or port authority and which comprises a part of
11 the transportation system of the mass transportation or port
12 authority.

13 "Revenue hours." The total amount of time, calculated in
14 hours, during which vehicles of a Class 4 transit entity are in
15 service and available for public use as reported with respect to
16 the most recent fiscal year in the most recently issued
17 Pennsylvania Rural and Small Urban Public Transportation
18 Statistical Report.

19 "Revenue miles." The total number of in-service miles
20 traveled by vehicles of a Class 4 transit entity as reported
21 with respect to the most recent fiscal year in the most recently
22 issued Pennsylvania Rural and Small Urban Public Transportation
23 Statistical Report.

24 "Secretary." The Secretary of Transportation of the
25 Commonwealth.

26 "Shared-ride public transportation services." Demand-
27 responsive transportation that is available to the general
28 public, operates on a nonfixed route basis and charges a fare to
29 all riders. For transportation to be included in this definition
30 the first fare-paying passengers to enter the public

1 transportation vehicle must not refuse to share the vehicle with
2 other passengers during a given trip. Services excluded under
3 this definition are: exclusive ride taxi service; charter and
4 sightseeing services; nonpublic transportation; school bus or
5 limousine services.

6 "Transit vehicle." A self-propelled or electrically
7 propelled vehicle designed for carrying 15 or more passengers,
8 exclusive of the driver, other than a taxicab, designed and used
9 for the transportation of persons for compensation, including,
10 but not limited to, subway cars, trolleys, trackless trolleys
11 and railroad passenger cars.

12 "Transportation company." Any person, firm or corporation
13 rendering public passenger or public passenger and rail
14 transportation service, with or without the rendering of other
15 service, in this Commonwealth pursuant to common carrier
16 authorization from the Pennsylvania Public Utility Commission or
17 the Interstate Commerce Commission.

18 "Urban common carrier mass transportation." Transportation
19 within an area that includes a municipality or other built-up
20 place which is appropriate, in the judgment of the Department of
21 Transportation, for a common carrier transportation system to
22 serve commuters or others in the locality, taking into
23 consideration the local patterns and trends of urban growth, by
24 bus or rail or other conveyance, either publicly or privately
25 owned, serving the general public. The term does not include
26 school buses or charter or sightseeing service.

27 "Urban Mass Transportation Act of 1964." Public Law 88-365,
28 49 U.S.C. § 1601 et seq.

29 "Urbanized area." A portion of this Commonwealth classified
30 as "urbanized" by the United States Bureau of the Census of the

1 United States Department of Commerce in the 1990 Census of
2 Population or any area in this Commonwealth classified as
3 "urbanized" in any future decennial census of the United States.

4 "Vehicle hours." The total amount of time, calculated in
5 hours, during which vehicles of a local transportation
6 organization or transportation company are in service and
7 available for public use, listed with respect to the most recent
8 fiscal year reported in the most recently issued Pennsylvania
9 Mass Transit Statistical Report.

10 "Vehicle maintenance expenses." The categories of costs
11 associated with the inspection, maintenance and repair of
12 vehicles as specified in the National Urban Mass Transportation
13 Statistics, 1989 Section 15 Annual Report, Report No. UMTA-IT-
14 06-0352-90-1.

15 "Vehicle miles." The total distance, calculated in miles,
16 which is funded in whole or in part by this part, traveled by
17 vehicles of a local transportation organization or
18 transportation company listed with respect to the most recent
19 fiscal year reported in the most recently issued Pennsylvania
20 Mass Transit Statistical Report.

21 § 1302. Program authorizations.

22 The department is hereby authorized, within the limitations
23 hereinafter provided, and is required where the provisions of
24 section 1303 (relating to annual appropriation and computation
25 of subsidy) apply:

26 (1) To undertake and to provide financial support for
27 research, by contract or otherwise, concerning urban common
28 carrier mass transportation.

29 (2) To make grants to municipalities, counties, or their
30 instrumentalities, and to agencies and instrumentalities of

1 the Commonwealth to supplement Federal or local or Federal
2 and local funds for use:

3 (i) For the purpose of studies, analysis, planning
4 and development of programs for urban common carrier mass
5 transportation service and facilities, and for the
6 purpose of activities related to the planning,
7 engineering and designing of specific projects which are
8 a part of a comprehensive program, including, but not
9 limited to, activities such as studies related to
10 management, operations, capital requirements and economic
11 feasibility, to the preparation of engineering and
12 architectural surveys, plans and specifications and to
13 other similar or related activities preliminary to and in
14 preparation for the construction, acquisition or improved
15 operation of urban common carrier mass transportation
16 systems, facilities and equipment. State funding under
17 this subparagraph shall not exceed five-sixths of the
18 non-Federal share of the project costs.

19 (ii) To provide for research, development and
20 demonstration projects in all phases of urban common
21 carrier mass transportation, including the development,
22 testing and demonstration of new facilities, equipment,
23 techniques and methods, to assist in the solution of
24 urban transportation problems, in the improvement of mass
25 transportation service and the contribution of such
26 service toward meeting total urban transportation needs
27 at minimum cost. State funding under this subparagraph
28 shall not exceed five-sixths of the non-Federal share of
29 the project costs.

30 (iii) To assist in providing grants to continue

1 necessary service to the public, to permit needed
2 improvements in service which are not self-supporting, to
3 permit service which may be socially desirable but
4 economically unjustified, and otherwise for any purpose
5 in furtherance of urban common carrier mass
6 transportation. The methodology for calculating the
7 amount of the grant under this subparagraph shall be
8 determined in accordance with section 1303. Each grant to
9 a Class 1 transit entity, to a Class 2 transit entity or
10 to a Class 3 transit entity made pursuant to this
11 paragraph shall be matched by local or private funding in
12 an amount not less than one-third of the total State
13 grant made pursuant to section 1303(b). Any grants to
14 Class 3 transit entities may, however, be matched by an
15 amount not less than the amount of local or private
16 funding which is specified in the State contract for the
17 1990-1991 fiscal year if the department shall have
18 received a certification from such Class 3 transit entity
19 that such lower level of local or private funding is
20 adequate to prevent significant service reductions or
21 passenger fare increases.

22 (3) To make grants to any transportation company or
23 companies for use in providing necessary service to the
24 public, to permit needed improvements in services which are
25 not self-supporting, to permit services which may be socially
26 desirable but economically unjustified, and otherwise for any
27 purpose in furtherance of urban common carrier mass
28 transportation. In view of the particular sensitivity of
29 special instrumentalities and agencies of the Commonwealth
30 created to serve or coordinate the local transportation needs

1 of substantial metropolitan areas, no grant moneys may be
2 used exclusively or principally in the local service area of
3 any such agency or instrumentality in which a city or county
4 of the first or second class has membership, except in
5 accordance with a system of priorities agreed upon by the
6 department and such agency or instrumentality. In the case of
7 a grant where the moneys granted will be used for an activity
8 to be conducted exclusively or principally within the local
9 service areas of such agency or instrumentality, no grant
10 moneys may be used except in accordance with agreements by
11 the department and such agency or instrumentality with
12 respect to such use. In the case of a grant not falling
13 within the scope of the preceding sentence but where moneys
14 granted will be used both within and without the local
15 service area of such agency or instrumentality, the grant
16 shall require that the routes, schedules and fares applicable
17 only within such service areas shall be those mutually agreed
18 upon by the department and such agency or instrumentality. No
19 agreement referred to in this paragraph shall impair,
20 suspend, reduce, enlarge or extend or affect in any manner
21 the powers of the Pennsylvania Public Utility Commission or
22 the Interstate Commerce Commission otherwise applicable by
23 law. Each grant to a Class 1 transit entity, to a Class 2
24 transit entity or to a Class 3 transit entity made pursuant
25 to this paragraph shall be matched by local or private
26 funding in an amount not less than one-third of the total
27 State grant made pursuant to section 1303(b). Any grants to
28 Class 3 transit entities may, however, be matched by an
29 amount not less than the amount of local or private funding
30 which is specified in the State contract for the 1990-1991

1 fiscal year if the department shall have received a
2 certification from such Class 3 transit entity that such
3 lower level of local or private funding is adequate to
4 prevent significant service reductions and/or passenger fare
5 increases.

6 (4) In connection with privately or locally assisted
7 capital projects or capital projects financed with private or
8 local and Federal funds, to make grants for approved capital
9 projects to a local transportation organization or a
10 transportation company, including the acquisition,
11 construction, reconstruction and improvement of facilities
12 and equipment, buses and other rolling stock, and other real
13 or personal property, including land (but not public
14 highways), needed for an efficient and coordinated mass
15 transportation system for use, by operation, lease or
16 otherwise, in urban common carrier mass transportation
17 service and in coordinating such service with highway and
18 other transportation. No capital project grant shall be made
19 for the purpose of financing, directly or indirectly, the
20 acquisition of any interest in, or the purchase of any
21 facilities or other property of, a private urban common
22 carrier mass transportation company. Each capital project
23 shall be based on a program or plan approved by the
24 department. No capital project grant shall exceed five-sixths
25 of the non-Federal share, subject, however, to the following
26 specific exceptions:

27 (i) If two or more capital projects are combined for
28 financing purposes, the amount of department funds used
29 for any one of such projects may exceed five-sixths of
30 the non-Federal share, provided that the total amount of

1 department funds provided for all the projects so
2 combined does not exceed five-sixths of the total non-
3 Federal share of all of the projects so combined.

4 (ii) If a capital project is eligible to receive
5 Federal financial assistance under the Urban Mass
6 Transportation Act of 1964 and if the project application
7 for such Federal financial assistance has been rejected
8 or delayed because of a lack of Federal funds or if the
9 normal amount of Federal grant cannot be provided because
10 of a lack of Federal funds and if the department has
11 determined that the capital project is essential and
12 should proceed without delay, department funds for such
13 capital project may be increased temporarily to finance
14 the entire net project cost, with the requirement that,
15 upon the availability of additional Federal funds and the
16 making to the capital project of a new or an additional
17 Federal grant, the amount of department funds in excess
18 of five-sixths of the non-Federal share be refunded to
19 the department or be applied as the department may direct
20 to help meet the department's share of the cost of
21 another project in which the department is a participant.

22 (iii) If a project is ineligible to receive Federal
23 financial assistance under the Urban Mass Transportation
24 Act of 1964 and if the department has determined that the
25 project is essential and should proceed without delay,
26 the amount of department funds for such project shall be
27 limited to an amount not to exceed one-half of the net
28 project cost.

29 (5) To make grants from the State Lottery Fund in
30 accordance with Chapter 7 of the act of August 14, 1991

1 (P.L.342, No.36), known as the Lottery Fund Preservation Act.

2 (6) To participate in a pooled bus acquisition program
3 with transportation companies or local transportation
4 organizations and the Federal Government for the purpose of
5 making buses available to transportation companies or local
6 transportation organizations for use in urban common carrier
7 mass transportation service, in accordance with the following
8 procedures:

9 (i) The department may apply to the Urban Mass
10 Transportation Administration of the United States
11 Department of Transportation for the Federal share of any
12 pooled-bus acquisition project.

13 (ii) The department may, with the assistance of the
14 Department of General Services or a special group
15 comprised of representatives of the transportation
16 companies or local transportation organizations within
17 the Commonwealth, write specifications for and order
18 buses on behalf of any number of transportation companies
19 or local transportation organizations desiring bus
20 acquisition under this program.

21 (iii) Before any order for buses is placed by the
22 department with a manufacturer, the department shall
23 secure written assurance from the Federal Government of
24 the availability of Federal financial assistance for such
25 bus acquisitions. The department shall also secure
26 written obligations by the transportation companies or
27 local transportation organizations participating in such
28 bus acquisitions that they will accept delivery of such
29 buses at the appropriate time and will supply local
30 funding in accordance with subparagraph (iv).

1 (iv) Funding for this program shall be: four-fifths
2 Federal, one-sixth State and one-thirtieth from local
3 sources; however, the local share of program costs may be
4 advanced to the manufacturer by the Commonwealth at the
5 time of purchase. Repayments to the Commonwealth of such
6 advancements shall be considered as augmentations to the
7 fund from which the funds were advanced. No part of the
8 Federal share shall be advanced by the Commonwealth in
9 anticipation of reimbursement.

10 (v) The Commonwealth may take title to and delivery
11 of vehicles acquired pursuant to this program for
12 eventual transfer to transportation companies or local
13 transportation organizations.

14 (vi) All bus acquisitions under this program shall
15 be made in accordance with a system of competitive
16 bidding.

17 (vii) At its discretion, the department may organize
18 and fund, with Commonwealth funds, postacquisition
19 studies reasonably related to any pooled-bus acquisition
20 made pursuant to this section, including, but not limited
21 to, a vehicle inspection study at an appropriate interval
22 or intervals following acquisition in order to monitor
23 the condition of any vehicle purchased pursuant to this
24 section.

25 § 1303. Annual appropriation and computation of subsidy.

26 (a) General rule.--Beginning with the 1991-1992 fiscal year,
27 the Commonwealth shall annually determine the level of
28 appropriation for public transportation assistance, using the
29 standards contained in this section, to sufficiently fund and to
30 make fully operative section 1302(2)(iii) and (3) (relating to

1 program authorizations).

2 (b) Distribution as grants.--The General Assembly shall
3 annually make an appropriation to the department for
4 distribution as grants to local transportation organizations and
5 transportation companies. The total amount of moneys
6 appropriated shall be distributed by the department as grants to
7 local transportation organizations and transportation companies
8 in accordance with the provisions of this section.

9 (c) Distribution formula.--The department shall distribute
10 the total amount appropriated under subsection (b) in the
11 following manner:

12 (1) The department shall calculate the Class 4 transit
13 entity share for the fiscal year.

14 (2) The department shall then calculate the amount of
15 grant due to each Class 4 transit entity as follows:

16 (i) From the Class 4 transit entity share, each
17 Class 4 transit entity shall first receive an amount
18 equal to 100% of its Class 4 transit entity adjusted base
19 grant.

20 (ii) With respect to any portion of the Class 4
21 transit entity share remaining after each Class 4 transit
22 entity receives an amount equal to 100% of its Class 4
23 transit entity adjusted base grant:

24 (A) Fifty percent of such excess shall be
25 distributed to Class 4 transit entities based upon
26 the percentage of the total amount of all Class 4
27 transit entity adjusted base grants given to Class 4
28 transit entities which a particular Class 4 transit
29 entity received.

30 (B) Twenty-five percent of such excess shall be

1 distributed to Class 4 transit entities based upon
2 each transit entity's Class 4 revenue mile
3 percentage. The actual amount received by each Class
4 4 transit entity under this clause shall be
5 determined by multiplying a particular Class 4
6 transit entity's Class 4 revenue mile percentage
7 times 25% of such excess of the Class 4 transit
8 entity share.

9 (C) Twenty-five percent of such excess shall be
10 distributed to Class 4 transit entities based upon
11 each transit entity's Class 4 revenue hour
12 percentage. The actual amount received by each Class
13 4 transit entity under this clause shall be
14 determined by multiplying a particular Class 4
15 transit entity's Class 4 revenue hour percentage
16 times 25% of such excess of the Class 4 transit
17 entity share.

18 (3) All Class 4 transit entities may utilize all of the
19 funds received pursuant to this section for any purpose in
20 furtherance of public transportation. Each grant made to a
21 Class 4 transit entity pursuant to this section shall,
22 however, be matched by local or private funding in an amount
23 not less than one-third of the total State grant made
24 pursuant to subsection (c). Additionally, any grants to Class
25 4 transit entities may be matched by an amount not less than
26 the amount of local or private funding which is specified in
27 the State contract for the 1990-1991 fiscal year if the
28 department shall have received a certification from such
29 Class 4 transit entity that such lower level of local or
30 private funding is adequate to prevent significant service

1 reductions or passenger fare increases.

2 (4) The department shall calculate the Class 1 transit
3 entity share, the Class 2 transit entity share and the Class
4 3 transit entity share for the fiscal year.

5 (5) The department shall then calculate the amount of
6 grant due to each local transportation organization and
7 transportation company as follows:

8 (i) Each Class 1 transit entity shall receive a
9 prorata share of the Class 1 transit entity share. If
10 there is only one Class 1 transit entity, it shall
11 receive the entire Class 1 transit entity share.

12 (ii) Each Class 2 transit entity shall receive a
13 prorata share of the Class 2 transit entity share. If
14 there is only one Class 2 transit entity, it shall
15 receive the entire Class 2 transit entity share.

16 (iii) Each Class 3 transit entity shall receive a
17 portion of the Class 3 transit entity share calculated as
18 follows:

19 (A) From the Class 3 transit entity share, each
20 Class 3 transit entity shall first receive an amount
21 equal to 100% of its Class 3 transit entity adjusted
22 base grant.

23 (B) With respect to any portion of the Class 3
24 transit entity share remaining after each Class 3
25 transit entity receives an amount equal to 100% of
26 its Class 3 transit entity adjusted base grant:

27 (I) Fifty percent of such excess shall be
28 distributed to Class 3 transit entities based
29 upon the percentage of all Class 3 transit entity
30 adjusted base grants given to Class 3 transit

1 entities which a particular Class 3 transit
2 entity received.

3 (II) Twenty-five percent of such excess
4 shall be distributed to Class 3 transit entities
5 based upon each transit entity's Class 3 vehicle
6 mile percentage. The actual amount received by
7 each Class 3 transit entity under this subclause
8 shall be determined by multiplying a particular
9 Class 3 transit entity's Class 3 vehicle mile
10 percentage times 25% of such excess of the Class
11 3 transit entity share.

12 (III) Twenty-five percent of such excess
13 shall be distributed to Class 3 transit entities
14 based upon each Class 3 transit entity's Class 3
15 operating revenue percentage. The actual amount
16 received by each Class 3 transit entity under
17 this subclause shall be determined by multiplying
18 a particular Class 3 transit entity's Class 3
19 operating revenue percentage times 25% of such
20 excess of the Class 3 transit entity share.

21 (6) On or about each July 1, October 1, January 1 and
22 April 1 of each year commencing July 1, 1987, the department
23 shall disburse 25% of the total annual amount due to each
24 local transportation organization or transportation company
25 calculated in accordance with this section.

26 (d) New organizations.--Should a new local transportation
27 organization or transportation company be established and meet
28 the criteria of a Class 1 transit entity, Class 2 transit
29 entity, Class 3 transit entity or Class 4 transit entity as such
30 criteria are set forth in section 1301 (relating to

1 definitions), the department shall make an appropriate
2 determination as to the level of grant to which such local
3 transportation organization or transportation company shall be
4 entitled. This determination shall include, but shall not be
5 limited to, a determination as to an appropriate adjusted base
6 grant for that local transportation organization or
7 transportation company and a determination of appropriate
8 adjustments to class percentages or transit entity shares.

9 (e) Change to different entity class.--If, during any fiscal
10 year, either the number of vehicles operated by a local
11 transportation organization or transportation company or the
12 area served by such a local transportation organization or
13 transportation company changes so that the local transportation
14 organization or transportation company meets the criteria for a
15 different transit entity class, as such criteria are set forth
16 in section 1301, on or before July 15 of the fiscal year which
17 follows such a change and in each fiscal year thereafter, the
18 department shall reflect any change in the transit entity class
19 of such a local transportation organization or transportation
20 company in its calculation of the transit entity shares for each
21 transit entity class for that and subsequent fiscal years. In
22 its calculation of the transit entity shares for each transit
23 entity class required by this section, for the fiscal year
24 following the change in a local transportation organization or
25 transportation company's transit entity class and thereafter,
26 the department shall include the amount of the transit entity
27 share allocated to such a local transportation organization or
28 transportation company for the fiscal year prior to the change
29 in the transit entity class, in the transit entity share for the
30 new transit entity class of such a local transportation

1 organization or transportation company, and shall delete an
2 equal amount from the transit entity share for the transit
3 entity class for which such a local transportation organization
4 or transportation company no longer meets the criteria in the
5 new fiscal year or thereafter.

6 (f) Rates, fares and charges.--

7 (1) Each local transportation organization or
8 transportation company receiving moneys pursuant to this
9 section shall annually fix such rates, fares and charges in
10 such manner that they shall be at all times sufficient in the
11 aggregate, and in conjunction with any moneys received from
12 Federal or other sources, and any other income available to
13 such organization or company, to provide funds for the
14 payment of all operating costs and expenses which shall be
15 incurred by such organization or company.

16 (2) In order to be eligible for the moneys described in
17 paragraph (1), each local transportation organization or
18 transportation company shall adopt an annual operating budget
19 for each fiscal year no later than the last day of the
20 preceding fiscal year. A copy of this operating budget shall
21 be submitted to the department within ten days after its
22 approval, along with a certification by the local
23 transportation organization or transportation company that
24 adequate revenues (including subsidies) are provided to
25 support operating costs and expenses.

26 (g) Standards and measures.--

27 (1) Within one year after the effective date of this
28 part and every year thereafter, each local transportation
29 organization or transportation company receiving moneys
30 pursuant to this section shall adopt a series of service

1 standards and performance evaluation measures. Such standards
2 and measures shall be in addition to the performance audits
3 required by section 1315 (relating to public transportation
4 grants management accountability) and shall consist of
5 objectives and specific numeric performance levels to be
6 achieved in meeting these standards and objectives. Those
7 standards and measures adopted shall include the following,
8 in addition to others deemed appropriate by the local
9 transportation organization or transportation company:

10 (i) An automatic mechanism to review the utilization
11 of routes.

12 (ii) Staffing ratios (ratio of administrative
13 employees to operating employees; number of vehicles per
14 mechanic).

15 (iii) Productivity measures (vehicle miles per
16 employee; passenger and employee accidents per 100,000
17 vehicle miles; on-time performance; miles between road
18 calls).

19 (iv) Fiscal indicators (operating cost per
20 passenger; subsidy per passenger and operating ratio).

21 (iv.1) Reasonable minimum prequalification standards
22 for prospective transit service subcontractors.

23 (v) Any other matter desired by the governing body
24 of such local transportation organization or
25 transportation company.

26 (2) The service standards and performance evaluation
27 measures shall be established by formal action of the
28 governing body of such local transportation organization or
29 transportation company following an opportunity for comment
30 by the public and the department. Upon submission, the

1 department will review and may make recommendations to the
2 local transportation organization or transportation company
3 concerning the service standards and performance evaluation
4 measures.

5 (3) In the discretion of such governing body, the
6 service standards and performance evaluation measures may be
7 systemwide or based on a sampling.

8 (4) The service standards and performance evaluation
9 measures shall only constitute goals for such local
10 transportation organization or transportation company in
11 providing service in the year following their adoption. At
12 the end of such year, fiscal or calendar, as the case may be,
13 a report shall be transmitted to the department for its
14 consideration indicating the projected performance levels and
15 the performance levels actually achieved. Upon submission,
16 the department will review the report and may make
17 recommendations to such local transportation organization or
18 transportation company concerning the performance levels
19 actually achieved. Such report shall be released to the
20 public at the time of issuance.

21 (5) The department may suspend the eligibility for
22 future discretionary transit grant funds of any transit
23 entity which fails to comply with the provisions of this
24 section. The department shall restore the discretionary
25 funding eligibility of a suspended transit entity at such
26 time as the requirements of this section are met in an
27 amended application received by the department.

28 (h) Reduction of certain grants.--With respect to grants to
29 Class 1 transit entities and Class 2 transit entities in any
30 fiscal year, the department shall reduce the grant amount due to

1 such local transportation organization or transportation company
2 by an amount equal to 1% of such grant moneys otherwise due to
3 such local transportation organization or transportation company
4 for each percentage point such local transportation
5 organization's or transportation company's operating ratio is
6 less than 50% in the case of a Class 1 transit entity or less
7 than 46% in the case of a Class 2 transit entity.

8 (i) Audits.--The department is authorized to perform
9 independent financial audits of the financial statements of each
10 local transportation organization or transportation company
11 receiving moneys pursuant to this section. Such audits shall be
12 conducted in accordance with generally accepted auditing
13 standards. Any financial statements subject to such audit or
14 reports resulting from such audit shall be prepared and
15 presented in accordance with generally accepted accounting
16 principles, consistently applied with previous statements
17 rendered for or on behalf of such organization or company. The
18 department may coordinate such audits in conjunction with audits
19 undertaken by the Auditor General.

20 (j) Definitions.--As used in this section, the following
21 words and phrases shall have the meanings given to them in this
22 subsection:

23 "Class 1 percentage." Seventy percent.

24 "Class 2 percentage." Twenty-five and three-tenths percent.

25 "Class 3 percentage." Four and seven-tenths percent.

26 "Class 1 to 3 allocation." The total amount appropriated
27 under subsection (b) less the Class 4 transit entity share.

28 "Class 1 transit entity share." The product of the Class 1
29 percentage times the Class 1 to 3 allocation in a particular
30 fiscal year.

1 "Class 2 transit entity share." The product of the Class 2
2 percentage times the Class 1 to 3 allocation in a particular
3 fiscal year.

4 "Class 3 transit entity adjusted base grant." The State
5 subsidy which a Class 3 transit entity received during the 1990-
6 1991 fiscal year, including Federal funds transferred from other
7 local transportation organizations and transportation companies
8 from the Federal fiscal year 1989-1990 pursuant to the
9 Governor's apportionment allocation contained in the Urban Mass
10 Transportation Act of 1964.

11 "Class 3 transit entity share." The product of the Class 3
12 percentage times the Class 1 to 3 allocation in a particular
13 fiscal year.

14 "Class 3 vehicle mile percentage." The percentage determined
15 by dividing the vehicle miles of a Class 3 transit entity with
16 respect to the most recent fiscal year as reported in the most
17 recently issued Pennsylvania Mass Transit Statistical Report by
18 the total number of vehicle miles of all Class 3 transit
19 entities with respect to the most recent fiscal year as reported
20 in the most recently issued Pennsylvania Mass Transit
21 Statistical Report.

22 "Class 4 revenue hour percentage." The percentage determined
23 by dividing the revenue hours of a Class 4 transit entity as
24 reported with respect to the most recent fiscal year in the most
25 recently issued Pennsylvania Rural and Small Urban Public
26 Transportation Statistical Report by the total number of revenue
27 hours of all Class 4 transit entities as reported with respect
28 to the most recent fiscal year reported in the most recently
29 issued Pennsylvania Rural and Small Urban Public Transportation
30 Statistical Report.

1 "Class 4 revenue mile percentage." The percentage determined
2 by dividing the revenue miles of a Class 4 transit entity as
3 reported with respect to the most recent fiscal year in the most
4 recently issued Pennsylvania Rural and Small Urban Public
5 Transportation Statistical Report by the total revenue miles of
6 all Class 4 transit entities as reported with respect to the
7 most recent fiscal year reported in the most recently issued
8 Pennsylvania Rural and Small Urban Public Transportation
9 Statistical Report.

10 "Class 4 transit entity share." Two million three hundred
11 thirty-five thousand dollars for the 1991-1992 fiscal year and,
12 during the 1992-1993 fiscal year and each fiscal year
13 thereafter, shall mean the Class 4 transit entity share for the
14 prior fiscal year plus (or minus) the product of the Class 4
15 transit entity share for the prior fiscal year times the
16 percentage increase or decrease in the total operating
17 assistance made available to local transportation organizations
18 and transportation companies for that fiscal year as compared
19 with the most recently completed fiscal year.

20 "Operating ratio." The proportion of total operating revenue
21 (which shall include all passenger, charter and advertising
22 revenue, fare reimbursement received from the State Lottery Fund
23 and all other receipts associated with the delivery of transit
24 services, but shall exclude Federal grants provided to cover
25 operating losses and State grants made pursuant to subsection
26 (b)) divided by total operating expenses associated with day-to-
27 day operation of the system (but excluding depreciation of
28 capital assets).

29 "Operating revenue." The total revenue earned by a local
30 transportation organization or transportation company through

1 its transit operations, including, but not limited to, passenger
2 revenue, senior citizen grant, charter revenue, school contract
3 revenue, advertising and other revenue listed with respect to
4 the most recent fiscal year reported in the most recently issued
5 Pennsylvania Mass Transit Statistical Report.

6 "Operating revenue percentage." The percentage determined by
7 dividing the operating revenues of a local transportation
8 organization or transportation company as reported in the most
9 recently issued Pennsylvania Mass Transit Statistical Report by
10 the total operating revenue of all local transportation
11 organizations or transportation companies as reported in the
12 most recently issued Pennsylvania Mass Transit Statistical
13 Report.

14 § 1304. Grant proposals.

15 (a) General rule.--Grants may be made hereunder with
16 reference to any appropriate project irrespective of when it was
17 first commenced or considered and regardless of whether costs
18 with respect thereto shall have been incurred prior to the time
19 the grant is applied for or made.

20 (b) Applications.--The governing bodies of municipalities,
21 counties or their instrumentalities, and agencies and
22 instrumentalities of the Commonwealth may, by formal resolution,
23 apply and transportation companies by application may apply to
24 the department for State grant funds provided by this chapter.
25 If the action is taken by a governing body, a certified copy of
26 the resolution and, in the case of transportation companies, an
27 application shall be forwarded to the department with a proposal
28 of the governing body or company, which shall set forth the use
29 to be made of State grant funds and the amount of funds required
30 or, in the case of grants under section 1303 (relating to annual

1 appropriation and computation of subsidy), which shall set forth
2 a request that the grant provided for under section 1303 be
3 made.

4 (c) Preference for coordinated systems.--The department
5 shall give preference to any proposal which will assist in
6 carrying out a plan, meeting criteria established by the
7 department, for a unified or officially coordinated urban
8 transportation system as a part of the comprehensively planned
9 development of the urban area, which is necessary for the sound,
10 economic and desirable development of such area and which shall
11 encourage to the maximum extent feasible the participation of
12 private enterprise. This subsection shall not apply to grants
13 made pursuant to section 1303.

14 (d) Use of grants.--The use of the State grant funds shall
15 be for the purposes set forth in section 1302 (relating to
16 program authorizations) and, without limiting the generality of
17 the foregoing, may be used for local contributions required by
18 the Urban Mass Transportation Act of 1964 or other Federal law
19 concerning common carrier mass transportation.

20 (e) Grant agreement.--

21 (1) The department shall review the proposal and, if
22 satisfied that the proposal is in accordance with the
23 purposes of this chapter, shall enter into a grant agreement
24 subject to the condition that the grant be used in accordance
25 with the terms of the proposal. With respect to grants made
26 pursuant to section 1303, the department shall make such
27 grants subject to the condition that the grants be used for
28 the purposes set forth in section 1302 and, where applicable,
29 only after the certification required in section 1302(2)(iii)
30 and (3) shall have been made.

1 (2) The time of payment of the grant and any conditions
2 concerning such payment shall be set forth in the grant
3 agreement.

4 § 1305. Rules and regulations.

5 In order to effectuate and enforce the provisions of this
6 chapter, the department is authorized to promulgate necessary
7 rules and regulations and prescribe conditions and procedures in
8 order to assure compliance in carrying out the purposes for
9 which grants may be made hereunder.

10 § 1306. Cooperation with other governments and private
11 interests.

12 (a) General rule.--The department is directed to administer
13 this program with such flexibility as to permit full cooperation
14 between Federal, State and local governments, agencies and
15 instrumentalities, as well as private interests, so as to result
16 in as effective and economical a program as possible.

17 (b) Agreements.--The department is hereby authorized to
18 enter into agreements providing for mutual cooperation between
19 or among it and any Federal agency, local transportation
20 organization or transportation company concerning any or all
21 projects, including joint applications for Federal grants.

22 § 1307. General authority of department.

23 It is the purpose and intent of this chapter to authorize the
24 department to do any and all other things necessary or desirable
25 to secure the financial aid or cooperation of any Federal agency
26 in any of the department's projects and to do and perform all
27 things which may be required by any statute of the United States
28 of America or by the lawful requirements of any Federal agency
29 authorized to administer any program of Federal aid to
30 transportation. The department is expressly permitted to enter

1 into protective agreements with labor to the extent required
2 under 49 U.S.C. § 5333 (relating to labor standards) in order to
3 obtain Federal grant moneys for transportation assistance. Such
4 protective agreements shall be narrowly drawn and strictly
5 construed to provide no more than the minimum protections
6 required by the United States Department of Labor for such
7 agreements.

8 § 1308. Grants by counties or municipalities.

9 Any county or municipality in any metropolitan area which is
10 a member of a local transportation organization is authorized to
11 make annual grants from current revenues to local transportation
12 organizations to assist in defraying the costs of operations,
13 maintenance and debt service of local transportation
14 organization or of a particular mass transportation project of a
15 local transportation organization and to enter into long-term
16 agreements providing for the payment of the same. The obligation
17 of a municipality or county under any such agreement shall not
18 be considered to be a part of its indebtedness, nor shall such
19 obligation be deemed to impair the status of any indebtedness of
20 such municipality or county which would otherwise be considered
21 as self-sustaining.

22 § 1309. Limitation on decisions, findings and regulations of
23 department.

24 All decisions, findings and regulations made by the
25 department pursuant to this chapter shall be for the purposes of
26 this chapter only and shall not constitute evidence before any
27 regulatory body of this Commonwealth or any other jurisdiction.

28 § 1310. Distribution of funding.

29 (a) General rule.--All moneys made available and required to
30 be used for capital projects, asset maintenance and other

1 programs specified in this section shall be distributed in
2 accordance with the formula specified in this section and used
3 strictly in accordance with section 1311 (relating to use of
4 funds distributed).

5 (b) Distribution procedure.--During each fiscal year,
6 capital project, asset maintenance and other program funds shall
7 be distributed as follows:

8 (1) On or before the fifth day of each month, the
9 Treasury Department shall certify to the department the total
10 amount then available for distribution, and the department
11 shall make distribution of payments required under this
12 subsection on or before the 20th day of each month.

13 (2) Beginning in the 1991-1992 fiscal year, each month,
14 the Treasury Department shall pay one-twelfth of the
15 Department of Transportation project management oversight
16 share for that fiscal year into the General Fund. The moneys
17 so transferred are hereby appropriated to the Department of
18 Transportation for use by that department for expenses
19 related to project management and oversight of capital and
20 asset maintenance projects funded pursuant to this section.

21 (3) Each month, the Treasury Department shall pay one-
22 twelfth of the community transportation program section 1310
23 share for that fiscal year into the General Fund. The funds
24 so transferred are hereby appropriated to the Department of
25 Transportation to make grants to counties, pursuant to
26 section 1312 (relating to community transportation programs),
27 for the purpose of funding capital projects of community
28 transportation programs.

29 (4) Each month, the Treasury Department shall pay the
30 planning, development, research, rural expansion and

1 department-initiated programs section 1310 share for that
2 month into the General Fund. The funds so transferred are
3 hereby appropriated to the Department of Transportation to
4 incur costs directly or to make grants to local
5 transportation organizations or transportation companies, or
6 entities which seek to become local transportation
7 organizations or transportation companies, pursuant to
8 section 1312, for the purpose of funding planning,
9 development, research, rural expansion and department-
10 initiated programs.

11 (5) Each month, the department shall distribute one-
12 twelfth of the Class 4 transit entity section 1310 share to
13 Class 4 transit entities in the manner provided in this
14 paragraph. Each Class 4 transit entity shall receive a
15 portion of each monthly distribution of the Class 4 transit
16 entity section 1310 share as follows:

17 (i) Fifty percent of the monthly distribution of the
18 Class 4 transit entity section 1310 share shall be
19 distributed to Class 4 transit entities based upon each
20 transit entity's Class 4 operating assistance grant
21 section 1310 percentage. The actual amount received by
22 each Class 4 transit entity under this subparagraph shall
23 be determined by multiplying a particular Class 4 transit
24 entity's Class 4 operating assistance grant section 1310
25 percentage times the total amount available for
26 distribution under this subparagraph.

27 (ii) Twenty-five percent of the monthly distribution
28 of the Class 4 transit entity section 1310 share shall be
29 distributed to Class 4 transit entities based upon each
30 transit entity's Class 4 revenue mile section 1310

1 percentage. The actual amount received by each Class 4
2 transit entity under this subparagraph shall be
3 determined by multiplying a particular Class 4 transit
4 entity's Class 4 revenue mile section 1310 percentage
5 times the total amount available for distribution under
6 this subparagraph.

7 (iii) Twenty-five percent of the monthly
8 distribution of the Class 4 transit entity section 1310
9 share shall be distributed to Class 4 transit entities
10 based upon each transit entity's Class 4 revenue hour
11 section 1310 percentage. The actual amount received by
12 each Class 4 transit entity under this subparagraph shall
13 be determined by multiplying a particular Class 4 transit
14 entity's Class 4 transit entity revenue hour section 1310
15 percentage times the total amount available for
16 distribution under this subparagraph.

17 (6) Each month, after providing for payment of the
18 portion of the Department of Transportation project
19 management oversight share, the community transportation
20 program section 1310 share, the planning, development,
21 research, rural expansion and department-initiated programs
22 section 1310 shares and the Class 4 transit entity section
23 1310 share to be distributed that month, the department shall
24 distribute all remaining capital project, asset maintenance
25 and other program funds as follows:

26 (i) Each Class 1 transit entity shall receive a
27 prorata share of the Class 1 transit entity section 1310
28 share. If there is only one Class 1 transit entity, it
29 shall receive the entire Class 1 transit entity section
30 1310 share.

1 (ii) Each Class 2 transit entity shall receive a
2 prorata share of the Class 2 transit entity section 1310
3 share. If there is only one Class 2 transit entity, it
4 shall receive the entire Class 2 transit entity section
5 1310 share.

6 (iii) Each Class 3 transit entity shall receive a
7 portion of the Class 3 transit entity section 1310 share
8 as follows:

9 (A) Sixteen and sixty-seven hundredths percent
10 of the Class 3 transit entity section 1310 share
11 shall be distributed to Class 3 transit entities
12 based upon each transit entity's Class 3 vehicle mile
13 section 1310 percentage. The actual amount received
14 by each Class 3 transit entity under this clause
15 shall be determined by multiplying a particular Class
16 3 transit entity's Class 3 vehicle mile section 1310
17 percentage times the total amount available for
18 distribution under this clause.

19 (B) Sixteen and sixty-seven hundredths percent
20 of the Class 3 transit entity section 1310 share
21 shall be distributed to Class 3 transit entities
22 based upon each transit entity's Class 3 vehicle hour
23 section 1310 percentage. The actual amount received
24 by each Class 3 transit entity under this clause
25 shall be determined by multiplying a particular Class
26 3 transit entity's Class 3 vehicle hour section 1310
27 percentage times the total amount available for
28 distribution under this clause.

29 (C) Sixteen and sixty-six hundredths percent of
30 the Class 3 transit entity section 1310 share shall

1 be distributed to Class 3 transit entities based upon
2 each transit entity's Class 3 total passenger section
3 1310 percentage. The actual amount received by each
4 Class 3 transit entity under this clause shall be
5 determined by multiplying a particular Class 3
6 transit entity's Class 3 total passenger section 1310
7 percentage times the total amount available for
8 distribution under this clause.

9 (D) Twenty-five percent of the Class 3 transit
10 entity section 1310 share shall be distributed to
11 Class 3 transit entities based upon each transit
12 entity's Class 3 Federal operating cap percentage.
13 The actual amount received by each Class 3 transit
14 entity under this clause shall be determined by
15 multiplying a particular Class 3 transit entity's
16 Class 3 Federal operating cap percentage times the
17 total amount available for distribution under this
18 clause.

19 (E) Twenty-five percent of the Class 3 transit
20 entity section 1310 share shall be distributed to
21 Class 3 transit entities based upon each transit
22 entity's Class 3 State operating grant percentage.
23 The actual amount received by each Class 3 transit
24 entity under this clause shall be determined by
25 multiplying a particular Class 3 transit entity's
26 Class 3 State operating grant percentage times the
27 total amount available for distribution under this
28 clause.

29 (c) Change of classification.--If, during any fiscal year,
30 either the number of vehicles operated by a local transportation

1 organization or transportation company or the area served by
2 such a local transportation organization or transportation
3 company changes so that the local transportation organization or
4 transportation company meets the criteria for a different
5 transit entity class, as such criteria are set forth in section
6 1301 (relating to definitions), on or before July 15 of the
7 fiscal year which follows such a change and in each fiscal year
8 thereafter, the department shall reflect any change in the
9 transit entity class of such a local transportation organization
10 or transportation company in the Department of Transportation
11 certification for that and subsequent fiscal years. In its
12 calculation of the transit entity section 1310 shares for each
13 transit entity class required by subsection (g)(1) and the
14 transit entity section 1310.1 shares for each transit entity
15 class required by subsection (g)(1) for the fiscal year
16 following the change in a local transportation organization or
17 transportation company's transit entity class and thereafter,
18 the department shall include the amount of the transit entity
19 sections 1310 and 1310.1 shares allocated to such a local
20 transportation organization or transportation company for the
21 fiscal year prior to the change in the transit entity class, in
22 the transit entity sections 1310 and 1310.1 shares for the new
23 transit entity class of such a local transportation organization
24 or transportation company, and shall delete an equal amount from
25 the transit entity sections 1310 and 1310.1 shares for the
26 transit entity class for which such a local transportation
27 organization or transportation company no longer meets the
28 criteria in the new fiscal year. No local transportation
29 organization or transportation company which has changed from
30 one transit entity class to another due to either an increase in

1 the number of vehicles operated or the United States Census
2 Bureau's declaring its service area an urbanized area shall
3 receive less than the amount transferred on its account by the
4 department pursuant to this section.

5 (d) Oversight.--The department shall initiate and maintain a
6 program of review and oversight for any projects receiving funds
7 distributed pursuant to this section and section 1310.1
8 (relating to supplemental public transportation assistance
9 funding). The department is authorized to perform independent
10 financial audits of the financial statements of each local
11 transportation organization, transportation company or community
12 transportation program receiving moneys pursuant to this
13 section. These audits shall be conducted in accordance with
14 generally accepted auditing standards. Any financial statements
15 subject to the audit or reports resulting from the audit shall
16 be prepared and presented in accordance with generally accepted
17 accounting principles, consistently applied with previous
18 statements rendered for or on behalf of such organization or
19 company. The department may coordinate such audits in
20 conjunction with audits undertaken by the Auditor General.

21 (e) Fiscal year and capital budget.--

22 (1) The governing body of each local transportation
23 organization or transportation company shall establish a
24 fiscal year for capital programs. No later than the last day
25 of each fiscal year for capital programs, each local
26 transportation organization or transportation company
27 receiving moneys pursuant to this section shall adopt a
28 capital budget and an asset maintenance spending plan for
29 submission to the department.

30 (2) The capital budget shall include the following:

- 1 (i) A description of any such project.
- 2 (ii) The projected cost of any project to be
3 undertaken, including supporting cash flow.
- 4 (iii) The duration of any such project, including
5 the projected starting date, completion date and
6 projected useful life of the project.
- 7 (iv) The proposed funding sources for any project.
- 8 (v) A description of projects completed in the prior
9 fiscal year and their impact on operations.
- 10 (vi) A description of progress to date on projects
11 initiated in the prior fiscal year but not yet completed.
- 12 (vii) An explanation of any significant project
13 delays.
- 14 (viii) The use of funds under this section in the
15 prior fiscal year, including projects for which they were
16 used.
- 17 (ix) A multiyear plan for future use of funds
18 received under this section for a period of not less than
19 five years.
- 20 (x) Any other matter desired by the governing body
21 of such local transportation organization or
22 transportation company.
- 23 (3) The asset maintenance spending plan shall include:
- 24 (i) The amount of moneys expended for asset
25 maintenance costs.
- 26 (ii) The purposes for which such funds were
27 expended.
- 28 (iii) Those asset maintenance costs which are
29 projected to be funded during the subsequent twelve
30 months by the local transportation organization or

1 transportation company.

2 (iv) A multiyear plan for future use of funds
3 received under this section for a period of not less than
4 five years.

5 (4) The capital budget and the asset maintenance
6 spending plan shall be established by formal action of the
7 governing body of such local transportation organization or
8 transportation company following an opportunity for comment
9 by the public and the department. Upon submission, the
10 department will review and may make recommendations to the
11 local transportation organization or transportation company
12 concerning the capital budget and asset maintenance spending
13 plan.

14 (5) The capital budget and the asset maintenance
15 spending plan may be amended by formal action of the
16 governing body of such local transportation organization or
17 transportation company from time to time. Any amendments to
18 the capital budget and the asset maintenance spending plan
19 shall be transmitted to the department for its review, and
20 the department may make recommendations to the local
21 transportation organization or transportation company
22 concerning any amendments to the capital budget and the asset
23 maintenance spending plan.

24 (f) Definitions.--As used in this section, the following
25 words and phrases shall have the meanings given to them in this
26 subsection:

27 "Capital project, asset maintenance and other program funds."
28 Moneys made available to finance capital projects and asset
29 maintenance costs of local transportation organizations,
30 transportation companies or community transportation programs or

1 to fund other programs specified in this section from:

2 (1) any fund of the Commonwealth where the legislation
3 creating such fund references this part and states that some
4 or all of the moneys in such fund are to be used to finance
5 capital projects and asset maintenance costs of local
6 transportation organizations, transportation companies or
7 community transportation programs and to fund certain other
8 programs; or

9 (2) any other source, where such moneys are made
10 available specifically to finance capital projects and asset
11 maintenance costs of local transportation organizations,
12 transportation companies or community transportation programs
13 in accordance with this section.

14 "Class 1 section 1310 percentage." Seventy and three-tenths
15 percent.

16 "Class 2 section 1310 percentage." Twenty-five and four-
17 tenths percent.

18 "Class 3 section 1310 percentage." Four and three-tenths
19 percent.

20 "Class 1 to 3 section 1310 allocation." The total amount of
21 capital project, asset maintenance and other program funds
22 available for distribution by the Treasury Department during a
23 particular month, less:

24 (1) the amount of the Department of Transportation
25 project management oversight share to be paid each month
26 under subsection (b)(2);

27 (2) the amount of the community transportation program
28 section 1310 share to be paid each month under subsection
29 (b)(3);

30 (3) the amount of the planning, development, research,

1 rural expansion and department-initiated programs section
2 1310 share; and

3 (4) the amount of the Class 4 transit entity section
4 1310 share to be paid each month under subsection (b)(5).

5 "Class 1 transit entity section 1310 share." The product of
6 the Class 1 section 1310 percentage times the Class 1 to 3
7 section 1310 allocation.

8 "Class 2 transit entity section 1310 share." The product of
9 the Class 2 section 1310 percentage times the monthly Class 1 to
10 3 allocation.

11 "Class 3 transit entity section 1310 share." The product of
12 the Class 3 section 1310 percentage times the monthly Class 1 to
13 3 allocation.

14 "Class 4 transit entity section 1310 share." Four million
15 dollars during the 1991-1992 fiscal year and \$4,160,000 during
16 the 1992-1993 fiscal year. During the 1993-1994 through 1996-
17 1997 fiscal years, the term shall mean the Class 4 transit
18 entity section 1310 share for the prior fiscal year plus (or
19 minus) the product of the Class 4 transit entity section 1310
20 share for the prior fiscal year times the percentage increase or
21 decrease in the total funds available for distribution pursuant
22 to this section received by the Treasury Department in the most
23 recently completed fiscal year as compared with the prior fiscal
24 year. For the 1997-1998 fiscal year and each fiscal year
25 thereafter, the term shall mean 2.8% of the total amount of
26 capital project, asset maintenance and other program funds
27 projected by the department to be available under this section
28 for distribution during the subject fiscal year.

29 "Class 3 Federal operating cap percentage." The percentage
30 determined by dividing the Federal operating ceiling for a Class

1 3 transit entity by the total Federal operating ceilings for all
2 Class 3 transit entities.

3 "Class 3 State operating grant percentage." The percentage
4 determined by dividing the State subsidy received pursuant to
5 section 1303 (relating to annual appropriation and computation
6 of subsidy) during fiscal year 1990-1991 by a Class 3 transit
7 entity as stated in the latest Department of Transportation
8 certification by the total State subsidies received pursuant to
9 section 1303 during fiscal year 1990-1991 by all Class 3 transit
10 entities as stated in the latest Department of Transportation
11 certification. For purposes of calculating the amount received
12 by a Class 3 transit entity pursuant to section 1303, any
13 Federal funds transferred from other local transportation
14 organizations and transportation companies from the Federal
15 fiscal year 1990-1991 Governor's apportionment allocation,
16 contained in the Urban Mass Transportation Act of 1964, shall be
17 considered to be amounts received pursuant to section 1303.

18 "Class 3 total passenger section 1310 percentage." The
19 percentage determined by dividing the total passengers
20 transported by a Class 3 transit entity as stated in the latest
21 Department of Transportation certification by the total number
22 of passengers transported by all Class 3 transit entities as
23 stated in the latest Department of Transportation certification.

24 "Class 3 vehicle hour section 1310 percentage." The
25 percentage determined by dividing the vehicle hours of a Class 3
26 transit entity as stated in the latest Department of
27 Transportation certification by the total number of vehicle
28 hours of all Class 3 transit entities as stated in the latest
29 Department of Transportation certification.

30 "Class 3 vehicle mile section 1310 percentage." The

1 percentage determined by dividing the vehicle miles of a Class 3
2 transit entity as stated in the latest Department of
3 Transportation certification by the total number of vehicle
4 miles of all Class 3 transit entities as stated in the latest
5 Department of Transportation certification.

6 "Class 4 operating assistance grant section 1310 percentage."
7 The percentage determined by dividing the Class 4 transit entity
8 adjusted base grant received by a Class 4 transit entity by the
9 total Class 4 transit entity adjusted base grants received
10 pursuant to such act by all Class 4 transit entities during
11 fiscal year 1990-1991 as stated in the Department of
12 Transportation certification.

13 "Class 4 revenue hour section 1310 percentage." The
14 percentage determined by dividing the revenue hours of a Class 4
15 transit entity as stated in the latest Department of
16 Transportation certification by the total number of revenue
17 hours of all Class 4 transit entities as stated in the latest
18 Department of Transportation certification.

19 "Class 4 revenue mile section 1310 percentage." The
20 percentage determined by dividing the revenue miles of a Class 4
21 transit entity as stated in the latest Department of
22 Transportation certification by the total number of revenue
23 miles of all Class 4 transit entities as stated in the latest
24 Department of Transportation certification.

25 "Community transportation program section 1310 share." One
26 million seven hundred thousand dollars during the 1991-1992
27 fiscal year, \$1,768,000 during the 1992-1993 fiscal year and,
28 during the 1993-1994 fiscal year and each fiscal year
29 thereafter, shall mean the community transportation program
30 section 1310 share for the prior fiscal year plus (or minus) the

1 product of the community transportation program section 1310
2 share for the prior fiscal year times the percentage increase or
3 decrease in the total funds available for distribution pursuant
4 to this section received by the Treasury Department in the most
5 recently completed fiscal year as compared with the prior fiscal
6 year. However, in any fiscal year in which the total funds
7 authorized to be expended from the State Lottery Fund for
8 purposes enumerated in section 1312 (relating to community
9 transportation programs) is less than \$600,000, the community
10 transportation program section 1310 share shall be increased so
11 that the sum of the community transportation program section
12 1310 share plus the total amount of such moneys paid from the
13 State Lottery Fund for purposes enumerated in section 1312 shall
14 equal \$2,300,000. The combined funding to any county for
15 community transportation under sections 1310 and 1312 shall not
16 exceed \$250,000 in any fiscal year.

17 "Department of Transportation project management oversight
18 share." One million dollars during the 1991-1992 fiscal year
19 and, during the 1992-1993 fiscal year and each fiscal year
20 thereafter, shall mean \$1,000,000 or 0.25% of the total amount
21 of capital project, asset maintenance and other program funds
22 available for distribution pursuant to this section received by
23 the Treasury Department during the prior fiscal year, whichever
24 is greater.

25 "Department of Transportation certification." The
26 certification by the Department of Transportation to the
27 Treasury Department under subsection (g).

28 "Department-initiated programs." Mass transportation
29 programs with a regional or Statewide application, including,
30 without limitation, capital projects in support of intercity

1 rail passenger service, capital projects in support of intercity
2 bus service, transit safety initiatives, public-private
3 transportation partnerships, ridersharing incentive programs,
4 transportation management associations and other multimodal
5 transportation management projects.

6 "Federal operating ceiling." The maximum amount of Federal
7 funds permitted to be used by a Class 3 transit entity to
8 subsidize transit operations, as published in the November 23,
9 1990, Federal Register (or, where there is more than one transit
10 entity in a region, the maximum amount of Federal funds which
11 such Class 3 transit entity could have utilized to subsidize
12 transit operations pursuant to the subregional allocation as
13 specified in the applicable transportation improvement program)
14 for fiscal year 1990-1991.

15 "Planning, development, research, rural expansion and
16 department-initiated programs section 1310 shares." The sum of
17 \$83,333.33 plus 0.25% of the total capital project, asset
18 maintenance and other program funds available for distribution
19 by the Treasury Department during a particular month.

20 "Total passengers." The total of all revenue passengers plus
21 transfer passengers on second and successive rides of a local
22 transportation organization or transportation company, which are
23 funded in whole or in part by this part, with respect to the
24 most recent fiscal year reported in the most recently issued
25 Pennsylvania Mass Transit Statistical Report.

26 "Treasury Department." The State Treasurer and the Treasury
27 Department of the Commonwealth.

28 (g) Certification to Treasury Department.--On or before July
29 15 of each fiscal year, the Department of Transportation shall
30 calculate and certify to the Treasury Department the following:

1 (1) The Department of Transportation project management
2 oversight share, the community transportation program
3 sections 1310 and 1310.1 shares, the Class 1 transit entity
4 sections 1310 and 1310.1 shares, the Class 2 transit entity
5 sections 1310 and 1310.1 shares, the Class 3 transit entity
6 sections 1310 and 1310.1 shares and the Class 4 transit
7 entity sections 1310 and 1310.1 shares and the planning,
8 development, research, rural expansion and department-
9 initiated programs sections 1310 and 1310.1 shares.

10 (2) The names and addresses of each Class 1 transit
11 entity, Class 2 transit entity, Class 3 transit entity and
12 Class 4 transit entity and whether such program or entity is
13 a Class 1 transit entity, Class 2 transit entity, Class 3
14 transit entity or Class 4 transit entity.

15 (3) The vehicle miles of each Class 3 transit entity,
16 the total vehicle miles of all Class 3 transit entities, the
17 Class 3 vehicle mile sections 1310 and 1310.1 percentages for
18 each Class 3 transit entity, the vehicle hours of each Class
19 3 transit entity, total vehicle hours of all Class 3 transit
20 entities, the Class 3 vehicle hour sections 1310 and 1310.1
21 percentages for each Class 3 transit entity, total passengers
22 for each Class 3 transit entity, the total passengers for all
23 Class 3 transit entities, the Class 3 total passenger
24 sections 1310 and 1310.1 percentages for each Class 3 transit
25 entity, the Federal operating ceiling for each Class 3
26 transit entity, the Federal operating ceiling for all Class 3
27 transit entities, the Federal operating cap percentage for
28 each Class 3 transit entity, the State subsidy received
29 pursuant to section 1303 (relating to annual appropriation
30 and computation of subsidy) as described in the definition of

1 "Class 3 State operating grant percentage" for each Class 3
2 transit entity, the State subsidy received pursuant to
3 section 1303 as described in the definition of "Class 3 State
4 operating grant percentage" for all Class 3 transit entities,
5 and the Class 3 State grant percentage for each Class 3
6 transit entity.

7 (4) The operating assistance grant received by each
8 Class 4 transit entity during fiscal year 1990-1991 pursuant
9 to the act of February 11, 1976 (P.L.14, No.10), known as the
10 Pennsylvania Rural and Intercity Common Carrier Surface
11 Transportation Assistance Act, the operating assistance grant
12 received by all Class 4 transit entities during fiscal year
13 1990-1991 pursuant to that act, the Class 4 operating
14 assistance grant sections 1310 and 1310.1 percentages for
15 each Class 4 transit entity, the revenue miles of each Class
16 4 transit entity, the revenue miles of all Class 4 transit
17 entities, the Class 4 revenue mile sections 1310 and 1310.1
18 percentages of each Class 4 transit entity, the revenue hours
19 for each Class 4 transit entity, the revenue hours for all
20 Class 4 transit entities and the Class 4 revenue hour
21 sections 1310 and 1310.1 percentages for each Class 4 transit
22 entity.

23 § 1310.1. Supplemental public transportation assistance
24 funding.

25 (a) General rule.--Beginning July 1, 1997, 1.22% of the
26 money collected from the tax imposed under Article II of the act
27 of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
28 1971, up to a maximum of \$75,000,000, shall be deposited in the
29 Supplemental Public Transportation Account, which is established
30 in the State Treasury. Within 30 days of the close of a calendar

1 month, 1.22% of the taxes received in the prior calendar month
2 shall be transferred to the account. No funds in excess of
3 \$75,000,000 may be transferred to the account in any one fiscal
4 year. The money in the account shall be used by the department
5 for supplemental public transportation assistance, to be
6 distributed under this section. Transit entities may use
7 supplemental assistance moneys for any of the purposes
8 enumerated in section 1311 (relating to use of funds
9 distributed). In addition to those enumerated purposes, Class 1,
10 2 and 3 transit entities also may use the base supplemental
11 assistance share for general operations. Class 4 transit
12 entities may use all supplemental assistance moneys for general
13 operations.

14 (b) Distribution.--During each fiscal year, capital project,
15 asset maintenance and other program funds designated as
16 supplemental public transportation assistance funding to be
17 distributed pursuant to this section shall be distributed as
18 follows:

19 (1) On or before the fifth day of each month, the
20 Treasury Department shall certify to the department the total
21 amount of money then available for distribution, and the
22 department shall disburse the money on or before the 20th day
23 of each month.

24 (2) Each month the department shall distribute to each
25 local transportation organization or transportation company
26 1/12 of the base supplemental assistance share of that local
27 transportation organization or transportation company.

28 (3) Each month the Treasury Department shall pay 1/12 of
29 the community transportation program section 1310.1 share for
30 that fiscal year to the Department of Transportation to make

1 grants to counties pursuant to section 1312 (relating to
2 community transportation programs) for the purpose of funding
3 capital projects of community transportation programs.

4 (4) Each month the department shall distribute 1/12 of
5 the Class 4 transit entity section 1310.1 share to Class 4
6 transit entities according to the same formula as provided
7 for distribution of funds under section 1310(b)(5) (relating
8 to distribution of funding), using the Class 4 transit entity
9 section 1310.1 share in place of the Class 4 transit entity
10 section 1310 share.

11 (5) Each month, after providing for payment of the
12 portion of the base supplemental assistance share, the
13 community transportation program section 1310.1 share and the
14 Class 4 transit entity section 1310.1 share to be distributed
15 that month, the department shall distribute all remaining
16 capital project, asset maintenance and other program funds
17 required to be distributed pursuant to this section according
18 to the same formula as provided for distribution of funds in
19 section 1310(b)(6), using the transit entity's section 1310.1
20 share in place of the transit entity's section 1310 share.

21 (c) Definitions.--As used in this section, the following
22 words and phrases shall have the meanings given to them in this
23 subsection. Any term used in this section but not defined in
24 this subsection shall have the meaning given in section 1310(f):

25 "Base supplemental assistance share." The P.L. 103-122
26 percentage for each local transportation organization or
27 transportation company multiplied by \$54,616,000.

28 "Capital project, asset maintenance and other program funds."
29 Moneys made available under this section to finance capital
30 projects and asset maintenance costs of local transportation

1 organizations, transportation companies or community
2 transportation programs or to fund other programs specified in
3 this section.

4 "Class 1 section 1310.1 percentage." 70.3%.

5 "Class 2 section 1310.1 percentage." 25.4%.

6 "Class 3 section 1310.1 percentage." 4.3%.

7 "Class 1 to 3 section 1310.1 allocation." The total amount
8 of capital project, asset maintenance and other program funds
9 available for distribution by the Treasury Department during a
10 particular month less:

11 (1) the amount of the base supplemental assistance share
12 to be paid each month under subsection (b)(2);

13 (2) the amount of the community transportation program
14 section 1310.1 share to be paid each month under subsection
15 (b)(3); and

16 (3) the amount of the Class 4 transit entity section
17 1310.1 share to be paid each month under subsection (b)(4).

18 "Class 1 transit entity section 1310.1 share." The product
19 of the Class 1 section 1310.1 percentage times the Class 1 to 3
20 section 1310.1 allocation.

21 "Class 2 transit entity section 1310.1 share." The product
22 of the Class 2 section 1310.1 percentage times the monthly Class
23 1 to 3 allocation.

24 "Class 3 transit entity section 1310.1 share." The product
25 of the Class 3 section 1310.1 percentage times the monthly Class
26 1 to 3 allocation.

27 "Class 4 transit entity section 1310.1 share." For each
28 fiscal year, the total amount projected by the department to be
29 available for distribution in the fiscal year in accordance with
30 this section, less \$54,616,000, times 2.8%.

1 "Class 3 Federal operating cap percentage." The percentage
2 determined by dividing the Federal operating ceiling for a Class
3 3 transit entity by the total of all Federal operating ceilings
4 for Class 3 transit entities.

5 "Class 3 total passenger section 1310.1 percentage." The
6 percentage determined by dividing the total passengers
7 transported by a Class 3 transit entity, as stated in the latest
8 Department of Transportation certification, by the total number
9 of passengers transported by all Class 3 transit entities, as
10 stated in the latest Department of Transportation certification.

11 "Class 3 vehicle hour section 1310.1 percentage." The
12 percentage determined by dividing the vehicle hours of a Class 3
13 transit entity, as stated in the latest Department of
14 Transportation certification, by the total number of vehicle
15 hours of all Class 3 transit entities, as stated in the latest
16 Department of Transportation certification.

17 "Class 3 vehicle mile section 1310.1 percentage." The
18 percentage determined by dividing the vehicle miles of a Class 3
19 transit entity, as stated in the latest Department of
20 Transportation certification, by the total number of vehicle
21 miles of all Class 3 transit entities, as stated in the latest
22 Department of Transportation certification.

23 "Class 4 operating assistance grant section 1310.1
24 percentage." The percentage determined by dividing the Class 4
25 transit entity adjusted base grant received by a Class 4 transit
26 entity, as stated in the latest Department of Transportation
27 certification, by the total Class 4 transit entity adjusted base
28 grants received by all Class 4 transit entities during fiscal
29 year 1990-1991, as stated in the latest Department of
30 Transportation certification.

1 "Class 4 revenue hour section 1310.1 percentage." The
2 percentage determined by dividing the revenue hours of a Class 4
3 transit entity, as stated in the latest Department of
4 Transportation certification, by the total number of revenue
5 hours of all Class 4 transit entities, as stated in the latest
6 Department of Transportation certification.

7 "Class 4 revenue mile section 1310.1 percentage." The
8 percentage determined by dividing the revenue miles of a Class 4
9 transit entity, as stated in the latest Department of
10 Transportation certification, by the total number of revenue
11 miles of all Class 4 transit entities, as stated in the latest
12 Department of Transportation certification.

13 "Community transportation program section 1310.1 share." The
14 greater of:

15 (1) \$1,200,000; or

16 (2) the total amount projected by the Department of
17 Transportation to be available for distribution in the
18 subject fiscal year in accordance with this section, less
19 \$54,616,000, times 2.5%.

20 "P.L. 103-122 percentage." The percentage determined by
21 dividing the operating assistance grant or operating assistance
22 limitation, whichever is greater, but not to exceed the total
23 apportionment of funds made available to a particular local
24 transportation organization or transportation company in this
25 Commonwealth for each Class 1 transit entity, Class 2 transit
26 entity and Class 3 transit entity and the base grants approved
27 for each Class 4 transit entity pursuant to Public Law 103-122,
28 107 Stat. 1199, for the Federal fiscal year ending September 30,
29 1994, by the total of such amounts for all Commonwealth local
30 transportation organizations and transportation companies

1 pursuant to Public Law 103-122 for the fiscal year as determined
2 by the Department of Transportation.

3 § 1311. Use of funds distributed.

4 (a) Approval of department.--

5 (1) No money made available pursuant to section 1310
6 (relating to distribution of funding) shall be expended on
7 any capital project by any local transportation organization
8 or transportation company until after the local
9 transportation organization or transportation company submits
10 the project to the department for approval and the department
11 approves the project. At the option of the local
12 transportation organization or transportation company,
13 capital projects may be submitted to the department on an
14 annual basis at the time the local transportation
15 organization or transportation company submits its capital
16 budget to the department or at another time chosen by the
17 local transportation organization or transportation company.

18 (2) The department shall establish criteria for approval
19 of capital projects pursuant to this subsection, including,
20 but not limited to, consideration of estimated useful life,
21 demonstration of need and reasonableness of cost.

22 (3) Amendments to capital projects may be submitted at
23 any time to the department for its review and approval in
24 accordance with the procedures specified by the department.

25 (4) The department shall prescribe, under the authority
26 of this chapter, reasonable procedures, including deadlines,
27 for the department to review, comment and approve the capital
28 project or projects submitted by a local transportation
29 organization or transportation company.

30 (b) Funding purposes enumerated.--Moneys distributed

1 pursuant to section 1310 shall be used by local transportation
2 organizations and transportation companies for purposes of
3 paying:

4 (1) all costs of capital projects, including, without
5 limitation, the costs of acquisition, construction,
6 installation, start-up costs of operations, improvement and
7 all work and materials incident thereto, provided that funds
8 expended for capital projects pursuant to section 1310 shall
9 be matched by local or private funding in an amount equal to
10 at least one-thirtieth of the project cost;

11 (2) debt service and the cost of issuance of bonds,
12 notes and other evidences of indebtedness which a local
13 transportation organization or transportation company is
14 permitted to issue under any law of this Commonwealth; and

15 (3) to the extent permitted by this section, asset
16 maintenance costs. Community transportation programs shall
17 use moneys distributed pursuant to this section only for
18 purposes enumerated in section 1312 (relating to community
19 transportation programs).

20 (c) Certain capital projects.--Notwithstanding any other
21 provision of law, each local transportation organization or
22 transportation company receiving moneys pursuant to section 1310
23 may use such moneys, in the discretion of such local
24 transportation organization or transportation company, to fund
25 all or a portion of capital projects listed in the program
26 prepared pursuant to section 2002(a)(13) of the act of April 9,
27 1929 (P.L.177, No.175), known as The Administrative Code of
28 1929.

29 (d) Management of funds.--

30 (1) Each local transportation organization or

1 transportation company receiving moneys pursuant to sections
2 1310 and 1310.1 (relating to supplemental public
3 transportation assistance funding) shall hold such moneys in
4 an account separate from other funds of the local
5 transportation organization or transportation company and
6 shall invest such moneys until such funds are used in
7 accordance with this section, with such funds being invested
8 in accordance with the limits on investment of the local
9 transportation organization or transportation company.

10 Notwithstanding any other provisions of this chapter, any
11 interest earned shall be used for capital projects and asset
12 maintenance costs during any period as determined by the
13 local transportation organization or transportation company.

14 (2) All moneys distributed pursuant to section 1310 and
15 utilized for asset maintenance under subsection (e) shall be
16 matched by local or private funding in an amount equal to at
17 least 1/30 of the amount expended for such purposes, except
18 that, in the case of Class 3 and 4 transit entities, no
19 matching funds shall be required if the department shall have
20 received from the local governmental funding source which
21 would otherwise provide the matching funds a certification
22 that compliance with the matching requirement would create an
23 undue financial burden upon the local governmental funding
24 source such that a curtailment of government services
25 endangering public health and safety would ensue.

26 (3) All moneys distributed pursuant to section 1310.1
27 and utilized under this section shall be matched by local or
28 private funding in an amount equal to at least 1/30 of the
29 amount expended for such purposes, except that, in the case
30 of Class 3 and 4 transit entities, no funds utilized for

1 asset maintenance under subsection (e) shall require a local
2 match if the department shall have received from the local
3 governmental funding source which would otherwise provide the
4 matching funds a certification that compliance with the
5 matching requirement would create an undue financial burden
6 upon the local governmental funding source such that a
7 curtailment of government services endangering public health
8 and safety would ensue.

9 (e) Asset maintenance.--

10 (1) Each local transportation organization or
11 transportation company may expend moneys distributed pursuant
12 to sections 1310 and 1310.1 shares to fund asset maintenance
13 costs as provided in this subsection.

14 (2) Moneys distributed pursuant to sections 1310 and
15 1310.1 may only be used to fund asset maintenance costs
16 incurred during the fiscal year in which such moneys are
17 allocated. Thereafter, such funds may only be used to fund
18 capital projects.

19 (3) On or before March 1 of each year, the department
20 shall certify to each local transportation organization or
21 transportation company the amount of capital project, asset
22 maintenance, base supplemental assistance and other program
23 funds which the department estimates each local
24 transportation organization or transportation company will be
25 entitled to receive during the ensuing fiscal year. Each
26 local transportation organization or transportation company
27 may expend moneys distributed pursuant to sections 1310 and
28 1310.1 shares to fund asset maintenance costs up to the
29 following maximum percentages of the estimate from the
30 department, including accrued interest, the amount received

1 during the prior fiscal year or the amount actually received
2 in the current fiscal year, whichever is greater:

3 (i) Class 1 transit entities may utilize for asset
4 maintenance costs up to a maximum of 30% of the funds
5 received pursuant to sections 1310 and 1310.1 shares.

6 (ii) Class 2 and 3 transit entities may utilize for
7 asset maintenance costs up to a maximum of 50% of the
8 funds received pursuant to sections 1310 and 1310.1.

9 (iii) (Deleted by amendment).

10 (iv) Class 4 transit entities may utilize for asset
11 maintenance costs up to a maximum of 50% of the funds
12 received pursuant to sections 1310 and 1310.1.

13 (f) Eligible projects.--Notwithstanding any other provision
14 of this chapter, moneys provided under section 1310 to community
15 transportation programs may be expended only in accordance with
16 section 1312 and only to fund all or a portion of eligible
17 projects of such entities as enumerated in section 1312.

18 (g) Matching funds.--The moneys provided to local
19 transportation organizations, transportation companies or
20 community transportation programs pursuant to section 1310 may
21 be used as matching funds to obtain Federal aid for capital
22 projects.

23 (h) Use by department.--Funds appropriated to the department
24 pursuant to section 1310(b)(2) and (4) may be utilized by the
25 department for the purposes provided in either of such
26 paragraphs.

27 (i) Accounting.--Within 120 days after the end of each
28 fiscal year for capital programs established by the local
29 transportation organization or transportation company pursuant
30 to section 1310(e), each local transportation organization and

1 transportation company receiving moneys pursuant to sections
2 1310 and 1310.1 shares shall transmit to the department an
3 accounting of all funds received pursuant to sections 1310 and
4 1310.1 shares in that fiscal year. The accounting shall be in a
5 form prescribed by the department and shall include a listing of
6 all expenditures on a project by project basis and the status of
7 all unspent funds. The local transportation organization or
8 transportation company shall grant access to the department or
9 its duly authorized representatives to any and all records
10 pertaining to funds received pursuant to sections 1310 and
11 1310.1 shares.

12 (j) Limit on certain amounts expended.--Notwithstanding any
13 law to the contrary and except as provided in subsection (a) for
14 Class 4 transit entities, local transportation organizations and
15 transportation companies are authorized to expend moneys
16 distributed pursuant to sections 1310 and 1310.1 shares for
17 asset maintenance costs in an amount not to exceed the greater
18 of:

19 (1) the maximum amount of asset maintenance expenditures
20 which could have been approved by the department for
21 expenditure by that local transportation organization or
22 transportation company for the 1991-1992 fiscal year pursuant
23 to section 17(a) of the act of August 5, 1991 (P.L.238,
24 No.26), entitled "An act amending Titles 74 (Transportation)
25 and 75 (Vehicles) of the Pennsylvania Consolidated Statutes,
26 codifying provisions relating to public transportation;
27 imposing certain fees and taxes; further providing for
28 certain Pennsylvania Turnpike projects; defining 'farm
29 equipment'; further providing for the responsibilities of
30 vehicle transferees, for exemptions from registration and

1 certificates of title and for the use of dealer plates,
2 multipurpose dealer plates and farm equipment plates; further
3 providing for funeral processions; further providing for a
4 restricted receipts fund and for registration for snowmobiles
5 and ATV's; establishing the Snowmobile Trail Advisory
6 Committee; further providing for the highway maintenance and
7 construction tax; and making repeals," based upon a
8 projection of \$200,000,000 in total dedicated capital
9 assistance funds plus estimated amounts of supplemental
10 public transportation assistance funding available for
11 distribution pursuant to section 1310.1 in that fiscal year,
12 which estimate shall not be less than \$75,000,000 in any
13 fiscal year; or

14 (2) the amount permitted to be expended for such
15 purposes under subsection (e).

16 § 1312. Community transportation programs.

17 (a) Grants from lottery fund.--All counties except counties
18 of the first and second class shall be entitled to grants from
19 the State Lottery Fund for the purpose of adding, replacing,
20 upgrading and overhauling equipment and purchasing, constructing
21 or renovating facilities to serve as office and maintenance
22 sites for the provision of reduced fare demand-response service.
23 Equipment that may be purchased shall include, but shall not be
24 limited to, vehicles, vehicle rehabilitation, major drivetrain
25 components, communication equipment, computer equipment and
26 software and office equipment and furnishings. The amount
27 entitled to all counties and to be granted by the department
28 shall not exceed \$2,300,000. The department may require the
29 counties to coordinate the acquisition of equipment through a
30 Statewide purchase program should the department find such a

1 program to be cost efficient.

2 (b) Procedure.--

3 (1) The department is hereby authorized to make grants
4 to all counties, except those of the first and second class,
5 or to entities designated by such counties to coordinate
6 services under this section in such county, for the purpose
7 of adding, replacing, upgrading and overhauling equipment for
8 the provision of shared-ride transit services responsive to
9 and accessible by the general public as well as the elderly
10 and disabled. If sufficient funds remain after all department
11 approvals for such equipment projects have been fully funded,
12 the department is hereby authorized to make grants for the
13 purchase, construction or renovation of facilities to serve
14 as office and maintenance sites for the provision of shared-
15 ride transit services responsive to and accessible by the
16 general public as well as the elderly and disabled. Equipment
17 that may be purchased shall include, but shall not be limited
18 to, vehicles, vehicle rehabilitation, major drivetrain
19 components, communication equipment, computer equipment and
20 software and office equipment and furnishings.

21 (2) Counties other than counties of the first and second
22 class may obtain grants pursuant to this subsection by filing
23 with the department an application in a form prescribed by
24 it. The department shall require with such application a
25 transportation plan plus such other information as the
26 department may require.

27 (3) The applicant shall certify that all efforts
28 possible have been made to coordinate local service for the
29 elderly and disabled and the services to be offered with
30 these capital assets do not duplicate existing fixed route

1 services, as provided under the act of February 11, 1976
2 (P.L.14, No.10), known as the Pennsylvania Rural and
3 Intercity Common Carrier Surface Transportation Assistance
4 Act, and under other provisions of this part. The applicant
5 shall solicit comments from the local public body fixed route
6 provider and include any such comments as part of the
7 application.

8 (4) All purchases pursuant to this subsection shall be
9 made in accordance with bidding procedures established under
10 the act of May 2, 1945 (P.L.382, No.164), known as the
11 Municipality Authorities Act of 1945, or the act of August 9,
12 1955 (P.L.323, No.130), known as The County Code, whichever
13 is applicable.

14 (c) Availability of funds.--Funds not expended under this
15 section in the fiscal year in which they were made available
16 shall not lapse and shall be available for use pursuant to this
17 section in the next succeeding fiscal years.

18 § 1313. Additional programs.

19 (a) Projects and programs enumerated.--The department is
20 hereby authorized to incur costs directly or to make grants,
21 undertake and provide financial support:

22 (1) To new rural transportation systems for the purpose
23 of funding capital, asset maintenance and operating costs of
24 new rural transportation systems. New rural transportation
25 systems may obtain grants under this section by filing for
26 each fiscal year with the department an application in a form
27 prescribed by it. The department shall require with the
28 application a transportation plan plus such other information
29 as the department may require to establish to the
30 satisfaction of the department that the new rural

1 transportation system is deserving of a grant under this
2 section.

3 (2) For the purpose of funding studies, analysis,
4 planning and development of programs for public
5 transportation assistance, services and facilities.

6 (3) To incur costs directly or to make grants for
7 department-initiated programs.

8 (4) To make grants to Class 4 transit entities for the
9 significant expansion of services by such entities from funds
10 remaining in the development, planning and rural expansion
11 share after all grants have been made for the fiscal year
12 pursuant to paragraphs (1) and (2). Grants from the
13 development, planning and rural expansion share shall be used
14 by the Class 4 transit entity for the construction,
15 acquisition, capital projects, asset maintenance and
16 operating costs of the expansion of such entity. Class 4
17 transit entities may obtain grants by filing for each fiscal
18 year with the department an application in a form prescribed
19 by it. The department shall require with the application a
20 transportation plan plus such other information as the
21 department may require to establish to the satisfaction of
22 the department that the Class 4 transit entity is deserving
23 of a grant under this section.

24 (b) Availability of funds.--Funds not expended under this
25 section in the fiscal year in which they were made available
26 shall not lapse and shall be available for use pursuant to this
27 section in the next succeeding fiscal years.

28 § 1315. Public transportation grants management accountability.

29 (a) Performance audits.--All classes of transit entities
30 shall complete periodic management performance audits which

1 shall encompass all public transportation programs and services
2 financed in whole or in part by grants provided by the
3 department as follows:

4 (1) The department shall establish criteria to be
5 included in a performance audit performed pursuant to this
6 section. The criteria shall be published in the Pennsylvania
7 Bulletin. Separate criteria may be established for each class
8 of transit entity.

9 (2) Management performance audits shall be completed
10 within ten months of their initiation and shall be performed
11 as follows:

12 (i) Class 1 transit entities shall begin the initial
13 management performance audit required pursuant to this
14 section no later than July 1, 1999, or, with the written
15 approval of the department, within five years of the
16 completion of the most recent performance audit.
17 Thereafter, Class 1 transit entities shall complete a
18 management performance audit at least once every five
19 years.

20 (ii) Class 2 transit entities shall begin the
21 initial management performance audit required by this
22 section no later than July 1, 2000, or, with the written
23 approval of the department, within five years of the most
24 recent performance audit. The department may extend the
25 initiation date for a period of up to five years.
26 Thereafter, Class 1 transit entities shall complete a
27 management performance audit at least once every five
28 years.

29 (iii) Class 3 transit entities in urbanized areas
30 with a population of 200,000 or greater shall begin the

1 initial management performance audit required by this
2 section no later than July 1, 2001. Class 3 transit
3 entities in urbanized areas with a population of less
4 than 200,000 shall begin the first management performance
5 audit required by this section no later than July 1,
6 2002. Thereafter, Class 3 transit entities shall perform
7 a management performance audit at least once every seven
8 years.

9 (iv) Class 4 transit entities shall begin the first
10 initial management performance audit required by this
11 section no later than July 1, 2002. Thereafter, Class 4
12 transit entities shall perform a management performance
13 audit at least once every ten years. The department shall
14 perform management performance audits for Class 4
15 entities through qualified independent contractors unless
16 written notice is provided to the department by the Class
17 4 transit entity that the transit entity wishes to
18 perform its own audit. The notice shall be provided no
19 later than one year prior to the initiation date of the
20 next scheduled audit.

21 (3) Class 1, 2 and 3 transit entities shall bear all
22 costs of performing management performance audits pursuant to
23 this section. The cost of such management performance audits
24 for Class 4 transit entities shall be paid by the department
25 from funds made available under section 1310(d) (relating to
26 distribution of funding).

27 (4) For Class 1, 2 and 3 transit entities, the
28 management performance audit shall be conducted by a
29 qualified independent auditor selected by competitive
30 procurement. Procurement documents shall specify the scope of

1 the audit, comply with department criteria and be submitted
2 to the department for written approval prior to procurement.

3 (b) Submission of audit report; transit entity response.--

4 (1) Upon receipt of a final audit report from the
5 auditor or, in the case of Class 4 transit entities, from the
6 department, each transit entity shall prepare an action plan
7 addressing the findings and recommendations of the audit
8 report. The action plan shall be completed and approved by
9 the transit entity's governing body within two months of
10 receipt of the final audit report. The transit entity shall
11 implement its action plan in accordance with the time frames
12 specified in the plan.

13 (2) Upon approval of the action plan by the entity's
14 governing body, the transit entity shall submit the plan and
15 the auditor's report to the department. Class 1 and 2 transit
16 entities shall also submit their action plans to the
17 Legislative Budget and Finance Committee, the chairman and
18 minority chairman of the Transportation Committee of the
19 Senate and the chairman and minority chairman of the
20 Transportation Committee of the House of Representatives.

21 (c) Customer satisfaction surveys.--Customer satisfaction
22 surveys shall be conducted as follows:

23 (1) All Class 1 and 2 entities shall conduct customer
24 satisfaction surveys at least once every two years. Class 3
25 and 4 transit entities shall conduct customer satisfaction
26 surveys at least once every three years. An initial customer
27 satisfaction survey for each transit entity shall be
28 completed and submitted to the department no later than
29 December 31, 1998.

30 (2) The department shall provide guidelines regarding

1 the scope of the surveys and suggested questions which may be
2 included in the surveys.

3 (3) Upon completion of the survey, the transit entity
4 shall submit a report to the department containing survey
5 methodology, survey results, relevant trends in the level of
6 customer satisfaction and actions taken or planned to improve
7 customer satisfaction.

8 (d) Suspension of grant funds.--The department may suspend
9 eligibility for grants under section 1303 (relating to annual
10 appropriation and computation of subsidy) for any transit entity
11 which fails to comply with any of the provisions of this
12 section.

13 (e) Restoration or continuation of funding.--The department
14 shall continue eligibility of a transit entity for grants under
15 section 1303 if the entity has initiated its audit or survey in
16 a timely manner and the delay in completion of the audit or
17 survey is not the fault of the transit entity. The department
18 shall restore eligibility of a suspended transit entity at such
19 time as the audit or survey is completed in accordance with the
20 requirements of this section.

21 (f) Cost reduction and productivity improvement.--As part of
22 its annual application for funding under section 1303, Class 1,
23 2, 3 and 4 transit entities shall include a report outlining
24 initiatives it has undertaken to reduce costs and improve
25 productivity.]

26 Section 2. Title 74 is amended by adding a chapter to read:

27 CHAPTER 13A

28 SUSTAINABLE MOBILITY OPTIONS

29 Sec.

30 13A01. Declaration of policy.

1 § 13A01. Declaration of policy.

2 The General Assembly finds and declares as follows:

3 (1) This Commonwealth and the nation are facing serious
4 transportation funding problems related to gasoline and
5 energy.

6 (2) Public transportation is a major component of
7 solving the problems referred to in paragraph (1).

8 (3) It is necessary to reconsider public transportation
9 options in this Commonwealth.

10 Section 3. Section 8916 of Title 75 is amended to read:

11 § 8916. Turnpike system.

12 The turnpikes and the future toll road conversions authorized
13 by this chapter are hereby or shall be made part of the
14 Pennsylvania Turnpike System, as provided in the act of August
15 14, 1951 (P.L.1232, No.282), referred to as the Pennsylvania
16 Turnpike System Financing Act. A Public-Public Partnership of
17 the Pennsylvania Turnpike System is integral to solving
18 transportation problems referred to in 74 Pa.C.S. § 13A01
19 (relating to declaration of policy).

20 Section 4. This act shall take effect in 60 days.