

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2112 Session of
2012

INTRODUCED BY FRANKEL AND STURLA, JANUARY 10, 2012

REFERRED TO COMMITTEE ON TRANSPORTATION, JANUARY 10, 2012

AN ACT

1 Amending Titles 74 (Transportation) and 75 (Vehicles) of the
2 Pennsylvania Consolidated Statutes, further providing for
3 definitions, for department authorization, for fund, for
4 application and approval process, for coordination, for
5 operating program, for asset improvement program and for
6 programs of Statewide significance; and making repeals.

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

9 Section 1. The definition of "base operating allocation" in
10 section 1503 of Title 74 of the Pennsylvania Consolidated
11 Statutes is amended to read:

12 § 1503. Definitions.

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

16 * * *

17 "Base operating allocation." [The total amount of State
18 operating assistance, reimbursement in lieu of fares for senior
19 passengers and other assistance which was used for operating
20 assistance as determined by the department in fiscal year

1 2005-2006.] The total amount of State operating assistance,
2 reimbursement in lieu of fares for senior passengers and other
3 assistance that was used for operating assistance as determined
4 by the department in the full fiscal year that the qualifying
5 local transportation organization received the assistance.

6 * * *

7 Section 1.1. Section 1504(a) of Title 74 is amended to read:
8 § 1504. Department authorization.

9 (a) General.--The department may, within the limitations
10 provided in this chapter, incur costs directly and provide
11 financial assistance for the purposes and activities enumerated
12 in this chapter. The operation of such programs, activities and
13 services by the department shall not be subject to the
14 jurisdiction of the Pennsylvania Public Utility Commission.

15 * * *

16 Section 2. Section 1506(b)(1), (c)(1) and (e) of Title 74
17 are amended and the section is amended by adding a subsection to
18 read:

19 § 1506. Fund.

20 * * *

21 (a.1) Availability of funds.--Funds not expended in the
22 fiscal year they were made available shall not lapse and shall
23 be available until expended.

24 (b) Deposits to fund by department.--

25 (1) The following apply:

26 (i) Except as provided under subparagraph (ii), upon
27 receipt, the department shall deposit into the fund the
28 revenues received by the department under 75 Pa.C.S. Ch.
29 89 (relating to Pennsylvania Turnpike) and the lease
30 agreement executed between the department and the

Pennsylvania Turnpike Commission under 75 Pa.C.S. § 8915.3 (relating to lease of Interstate 80; related agreements) as follows:

(A) For fiscal year 2007-2008, \$250,000,000.

(B) For fiscal year 2008-2009, \$250,000,000.

(C) For fiscal year 2009-2010, \$250,000,000.

(D) For fiscal year 2010-2011 and each fiscal year thereafter, the amount calculated for the previous fiscal year, increased by 2.5%.

(ii) The deposits made to the fund under this subsection from the turnpike shall equal [\$250,000,000] \$450,000,000 annually for each fiscal year commencing [after the expiration of the conversion period if the conversion notice is not received by the secretary prior to expiration of the conversion period as set forth under 75 Pa.C.S. § 8915.3(3)] with fiscal year 2012-2013.

* * *

(c) Other deposits.--The following shall be deposited into the fund annually:

(1) [4.4%] 6.4% of the amount collected under Article II of the Tax Reform Code. Revenues under this paragraph shall be deposited into the fund by the 20th day of each month for the preceding month. The amount deposited under this paragraph is estimated to be equivalent to the money available to the department from the following sources:

(i) The Supplemental Public Transportation Account established under former section 1310.1 (relating to supplemental public transportation assistance funding).

(ii) The amount appropriated annually by the Commonwealth from the General Fund for mass transit

1 programs pursuant to a General Appropriations Act.

2 * * *

3 (e) Program funding amounts.--Subject to available funds,
4 the programs established under this chapter shall be funded
5 annually as follows:

6 (1) For the program established under section 1513
7 (relating to operating program), the following amounts shall
8 be allocated from the fund:

9 (i) All revenues deposited in the fund under
10 subsection (b)(1).

11 (ii) All revenues deposited in the fund under
12 subsection (b)(2).

13 (iii) 69.99% of the revenues deposited in the fund
14 under subsection (c)(1).

15 (iv) All revenues deposited into the fund under
16 subsection (c)(3).

17 (2) (i) Except as provided under subparagraph (ii), for
18 the program established under section 1514 (relating to asset
19 improvement program):

20 (A) By the proceeds of Commonwealth capital
21 bonds deposited into the fund under subsection (c)
22 (2).

23 (A.1) For fiscal year 2007-2008, \$50,000,000
24 from the revenues received by the department under 75
25 Pa.C.S. Ch. 89 and the lease agreement executed
26 between the department and the Pennsylvania Turnpike
27 Commission under 75 Pa.C.S. § 8915.3. The amount
28 received by the department under this section shall
29 be deposited into the fund prior to distribution and
30 shall be in addition to the amounts received under

subsection (b) (1) .

(B) For fiscal year 2008-2009, \$100,000,000 from the revenues received by the department under 75 Pa.C.S. Ch. 89 and the lease agreement executed between the department and the Pennsylvania Turnpike Commission under 75 Pa.C.S. § 8915.3. The amount received by the department under this section shall be deposited into the fund prior to distribution and shall be in addition to the amounts received under subsection (b) (1) .

(C) For fiscal year 2009-2010, \$150,000,000 from the revenues received by the department under 75 Pa.C.S. Ch. 89 and the lease agreement executed between the department and the Pennsylvania Turnpike Commission under 75 Pa.C.S. § 8915.3. The amount received by the department under this section shall be deposited into the fund prior to distribution and shall be in addition to the amounts received under subsection (b) (1) .

(D) For fiscal year 2010-2011 and each fiscal year thereafter, the amount calculated for the prior fiscal year increased by 2.5% from the revenues received by the department under 75 Pa.C.S. Ch. 89 and the lease agreement executed between the department and the Pennsylvania Turnpike Commission under 75 Pa.C.S. § 8915.3. The amount received by the department under this section shall be deposited into the fund prior to distribution and shall be in addition to the amounts received under subsection (b) (1) .

1 (E) 95% of all revenues deposited in the fund
2 under subsection (b)(1).

3 (ii) If the conversion notice is not received by the
4 secretary prior to the end of the conversion period as
5 set forth in 75 Pa.C.S. § 8915.3(3), no additional
6 allocation shall be made under subparagraph (i).

7 (3) For the program established under section 1516
8 (relating to programs of Statewide significance), [13.24%]
9 20.63% of the revenues deposited in the fund under subsection
10 (c)(1) shall be allocated from the fund plus 5% of all
11 revenue deposited in the fund under subsection (b)(1).

12 [(4) For the program established under section 1517
13 (relating to capital improvements program), 16.77% of the
14 revenues deposited in the fund under subsection (c)(1).
15 Additional funds for this program may be provided from the
16 funds allocated but not distributed based on the limitation
17 set forth under section 1513(c)(3).]

18 Section 3. Sections 1507(a) and (c), 1512, 1513(c)(2)(i) and
19 1514(c) and (e) of Title 74 are amended to read:

20 § 1507. Application and approval process.

21 (a) Application.--An eligible applicant that wishes to
22 receive financial assistance under this chapter shall submit a
23 written application to the department on a form developed by the
24 department, which shall include the following:

25 (1) The name and address of the applicant.

26 (2) The name and telephone number of a contact person
27 for the applicant.

28 (3) The amount and type of financial assistance
29 requested and the proposed use of the funds.

30 (4) A statement as to the particular need for the

1 financial assistance.

2 (5) A certified copy of a current resolution authorizing
3 submission of the application if the applicant is a governing
4 body.

5 (6) Evidence satisfactory to the department of the
6 commitment for matching funds required under this chapter
7 sufficient to match the projected financial assistance
8 payments [at the same times that the financial assistance
9 payments are to be provided] no later than June 30 of the
10 applicable fiscal year. If this evidence is not provided,
11 subsequent funding under section 1513 (relating to operating
12 program) shall be withheld.

13 (7) A statement of policy outlining basic principles for
14 adjustment in fare revenue growth to meet the rate of
15 inflation.

16 (8) Any other information the department deems necessary
17 or desirable.

18 * * *

19 (c) Restriction on use of funds.--[Financial assistance
20 under this chapter shall be used only for activities set forth
21 under the financial assistance agreement unless the department
22 grants the award recipient a waiver allowing the funds to be
23 used for a different purpose. The department's regulations shall
24 describe circumstances under which it will consider waiver
25 requests and shall set forth all information to be included in a
26 waiver request. The maximum duration of a waiver shall be one
27 year, and a waiver request shall include a plan of corrective
28 action to demonstrate that the award recipient does not have an
29 ongoing need to use financial assistance funds for activities
30 other than those for which funds were originally awarded.]

Unless the department grants the award recipient a waiver allowing the funds to be used for a different purpose, financial assistance under this chapter may be used only for activities set forth under the financial assistance agreement. The regulations of the department shall describe circumstances under which it will consider waiver requests and shall set forth the information to be included in a waiver request. The waiver request shall include a plan of corrective action to demonstrate that the award recipient does not have an ongoing need to use financial assistance funds for activities other than those for which funds were originally awarded. The duration of the waiver may not exceed the duration of the plan of corrective action. The department shall monitor implementation of the plan of corrective action. If the plan of corrective action is not implemented by the local transportation organization, the department shall rescind the waiver approval.

§ 1512. Coordination.

(a) Coordination.--Coordination is required in regions where two or more award recipients have services or activities for which financial assistance is being provided under this chapter to assure that the services or activities are provided efficiently and effectively.

(b) Consolidation.--The department may study consolidation of local transportation organizations as a means of reducing annual expenses. Consolidation shall not occur until the department and the affected transportation organizations have jointly conducted a study. The study shall examine the creation of service regions to determine whether consolidation would reduce annual expenses. If the results of the study estimate annual savings, the transportation organizations and local

governments shall either implement the recommended actions or provide increased local matching funds equal to the projected annual savings.

(c) Funding for merger and consolidation incentives.-- Capital projects that are needed to support local transportation organizations that have agreed to merge and consolidate operations and administration to achieve cost and service efficiencies shall be eligible for financial assistance under this chapter. The application for financial assistance shall identify the efficiencies in a merger and consolidation plan and shall include the expected dollar savings that will result from the merger and consolidation.

§ 1513. Operating program.

* * *

(c) Distribution formula.--

* * *

(2) For fiscal year 2007-2008 and each fiscal year thereafter, each qualifying local transportation organization shall receive financial assistance which shall consist of the following:

(i) Its base operating allocation [multiplied by 1.0506].

* * *

§ 1514. Asset improvement program.

* * *

(c) Local match requirements.--Financial assistance under this section shall be matched by local or private cash funding in an amount not less than [3.33% of the amount of the financial assistance being provided] 10% of the non-Federal share of the project cost. The source of funds for the local match shall be

1 subject to the requirements of section 1513(d)(3) (relating to
2 operating program).

3 * * *

4 [(e) Priorities.--The award of financial assistance under
5 this section shall be subject to the following set of priorities
6 in descending order of significance unless a compelling return
7 on investment analysis for a project in a lower category is
8 provided to and approved by the department:

9 (1) Requests for funds required to support existing
10 local bond issues currently supported with State revenue
11 sources, such as debt service and asset leases. The
12 Commonwealth pledges to and agrees with any person, firm or
13 corporation holding any bonds previously issued by, or any
14 other debt incurred by, a local transportation organization
15 and secured in whole or part by a pledge of the funds
16 provided to the local transportation organization from the
17 fund that the Commonwealth will not limit or alter rights
18 vested in a local transportation organization in any manner
19 inconsistent with obligations of the local transportation
20 organization to the obligees of the local transportation
21 organization until all bonds previously issued or other debt
22 incurred, together with the interest thereon, is fully paid
23 or provided for.

24 (2) Requests for funds required to match federally
25 approved capital projects funded under 49 U.S.C. §§ 5307
26 (relating to urbanized area formula grants) and 5309
27 (relating to capital investment grants and loans) and other
28 federally approved capital projects.

29 (3) Other non-Federal capital projects as determined by
30 the department, which shall be further subject to the

1 following set of priorities in descending order of
2 significance:

3 (i) Essential emergency asset improvement projects.

4 (ii) Standard replacement of existing assets that
5 have exceeded their useful life.

6 (iii) Asset improvement projects to extend the
7 useful life of the affected assets.

8 (iv) Acquisition of new assets and other acceptable
9 purposes, other than projects to be funded under the new
10 initiatives program described in section 1515 (relating
11 to new initiatives program), as determined by the
12 department.]

13 (e) Distribution.--The department shall allocate financial
14 assistance under this section on a percentage basis of available
15 funds each fiscal year as follows:

16 (1) The local transportation organization currently
17 organized and existing under Chapter 17 (relating to
18 metropolitan transportation authorities) as the primary
19 provider of public passenger transportation for the counties
20 of Philadelphia, Bucks, Chester, Delaware and Montgomery
21 shall receive 69.4% of the funds available for distribution
22 under this section.

23 (2) The local transportation organization currently
24 organized and existing under the act of April 6, 1956 (1955
25 P.L.1414, No.465), known as the Second Class County Port
26 Authority Act, as the primary provider of public
27 transportation for the county of Allegheny shall receive
28 22.6% of the funds available for distribution under this
29 section.

30 (3) Other local transportation organizations organized

and existing as the primary providers of public passenger transportation for the counties of this Commonwealth not identified in paragraph (1) or (2) shall receive 8% of the funds available for distribution under this section. The department shall allocate the funds under this paragraph among the local transportation organizations.

(4) Notwithstanding paragraphs (1), (2) and (3) and before distributing the funds under paragraph (1), (2) or (3), the department shall set aside 5% of the funds available for distribution under this section for discretionary use and distribution by the department.

* * *

Section 4. Section 1516(b)(1) and (e)(2) and (3) of Title 74 are amended and subsection (e) is amended by adding a paragraph to read:

§ 1516. Programs of Statewide significance.

* * *

(b) Persons with disabilities.--The department shall establish and administer a program providing reduced fares to persons with disabilities on community transportation services and to provide financial assistance for start-up, administrative and capital expenses related to reduced fares for persons with disabilities. All of the following shall apply:

(1) A community transportation system operating in the Commonwealth other than in counties of the first [and second] class may apply for financial assistance under this subsection.

* * *

(e) Technical assistance and demonstration.--The department is authorized to provide financial assistance under this section

1 for technical assistance, research and short-term demonstration
2 projects. All of the following shall apply:

3 * * *

4 (2) Financial assistance provided under this subsection
5 may be used for reimbursement for any approved operating or
6 capital costs related to technical assistance and
7 demonstration program projects. Financial assistance for
8 short-term demonstration projects may be provided at the
9 department's discretion on an annual basis based on the level
10 of financial commitment provided by the award recipient to
11 provide ongoing future funding for the project as soon as the
12 project meets the criteria established by the department and
13 the award recipient. Financial assistance for this purpose
14 shall not be provided for more than three fiscal years.

15 [Financial assistance may be provided to meet any short-term
16 emergency need that requires immediate attention and cannot
17 be funded through other sources.]

18 (3) Financial assistance under this subsection provided
19 to a local transportation organization shall be matched by
20 local or private cash funding in an amount not less than
21 3.33% of the [amount of the financial assistance being
22 provided] non-Federal share of project costs. The sources of
23 funds for the local match shall be subject to the
24 requirements of section 1513(d) (3) (relating to operating
25 program).

26 (4) For short-term demonstration projects awarded
27 financial assistance under paragraph (2), the department
28 shall determine if the demonstration project was successful
29 based upon the performance criteria established at the outset
30 of the demonstration project. If the department, in its

reasonable and sole discretion, determines that the demonstration project was successful, the local transportation organization or agency or instrumentality of the Commonwealth that conducted the demonstration project shall be eligible to apply for and receive funds under section 1513 to sustain and transition the demonstration project into its permanent public passenger transportation service. During the first year of the demonstration project's eligibility for and transition to applying for and being awarded funds under section 1513, the local transportation agency or agency or instrumentality of the Commonwealth that conducted the demonstration project and transitions it into its permanent transportation service shall be eligible to receive financial assistance of up to 65% of the transportation service's prior fiscal year operating costs or expenses for the service. The formula for the service will be provided from the new growth funding prior to the full funding distribution, creating a base for the service. Every year thereafter that the transportation service continues in operation, the local transportation agency or agency or instrumentality of the Commonwealth providing the transportation service shall only be eligible for increased financial assistance in accordance with section 1513 and all other relevant provisions, limitations and requirements of section 1513. Local transportation agencies or agencies or instrumentalities of the Commonwealth with well-established public passenger transportation systems shall be eligible for section 1513 operating assistance for successful demonstration projects where the project's revenue vehicle miles or revenue vehicle service are equal to or exceed 20%

of the agency's or instrumentality's service that is
receiving funding under section 1513 when the department
determines that the demonstration project is successful.

Section 5. Section 1517 of Title 74 is repealed:

[§ 1517. Capital improvements program.

(a) Eligibility.--A local transportation organization may
apply for financial assistance under this section.

(b) Applications.--The department shall establish the
contents of the application for the program established under
this section. The information shall be in addition to
information required under section 1507 (relating to application
and approval process).

(c) Distribution formula.--The department shall award
financial assistance under this section based on the number of
passengers. The actual amount awarded to a local transportation
organization under this subsection shall be calculated as
follows:

(1) Multiply the local transportation organization's
passengers by the total amount of funding available under
this section.

(2) Divide the product under paragraph (1) by the sum of
the passengers for all qualifying local transportation
organizations.

(d) Payments.--Financial assistance under this section shall
be paid to local transportation organizations at least
quarterly.

(e) Reduction in financial assistance.--Financial assistance
provided to a local transportation organization under this
section shall be reduced by any financial assistance received
previously under this section which has not been spent or

1 committed in a contract within three years of its receipt.]

2 Section 6. Section 8915.6 of Title 75 is repealed:

3 [§ 8915.6. Deposit and distribution of funds.

4 (a) Deposits.--Upon receipt by the department, the following
5 amounts from the scheduled annual commission contribution shall
6 be deposited in the Motor License Fund:

7 (1) For fiscal year 2007-2008, \$450,000,000.

8 (2) For fiscal year 2008-2009, \$500,000,000.

9 (3) For fiscal year 2009-2010, \$500,000,000.

10 (4) For fiscal year 2010-2011 and each fiscal year
11 thereafter, the amount calculated for the previous year
12 increased by 2.5%.

13 (b) Distribution.--The following shall apply:

14 (1) Annually, 15% of the amount deposited in any fiscal
15 year under subsection (a) shall be distributed at the
16 discretion of the secretary.

17 (2) Annually, \$5,000,000 of the amount deposited in any
18 fiscal year under subsection (a) shall be distributed to
19 counties.

20 (i) The distribution shall be in the ratio of:

21 (A) the square footage of deck area of a
22 county's county-owned bridges; to

23 (B) the total square footage of deck area of
24 county-owned bridges throughout this Commonwealth.

25 (ii) The amount of square footage under subparagraph
26 (i) shall be that reported as part of the National Bridge
27 Inspection Standards Program.

28 (3) Annually, \$30,000,000 of the amount deposited in any
29 fiscal year under subsection (a) shall be distributed to
30 municipalities pursuant to the act of June 1, 1956 (1955

1 P.L.1944, No.655), referred to as the Liquid Fuels Tax
2 Municipal Allocation Law.

3 (4) Any funds deposited under subsection (a) but not
4 distributed under paragraphs (1), (2) and (3) shall be
5 distributed in accordance with needs-based formulas that are
6 developed and subject to periodic revision based on
7 consultation and collaboration among metropolitan planning
8 organizations, rural planning organizations and the
9 department.

10 (c) Definitions.--The following words and phrases when used
11 in this section shall have the meanings given to them in this
12 subsection unless the context clearly indicates otherwise:

13 "Metropolitan planning organization." The policy board of an
14 organization created and designated to carry out the
15 metropolitan transportation planning process.

16 "Rural planning organization." The organization of counties
17 with populations of less than 50,000 created and designated as
18 local development districts and which carry out the rural
19 transportation planning process.]

20 Section 7. This act shall take effect in 60 days.