
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

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INTRODUCED BY BIZZARRO, MADDEN, SANCHEZ, BOROWSKI, JAMES,
DELLOSO, PIELLI, MARSHALL, MATZIE, SCHLOSSBERG, BENNINGHOFF,
E. NELSON, FREEMAN, MUSTELLO, GREEN AND KAIL,
DECEMBER 12, 2023

REFERRED TO COMMITTEE ON TRANSPORTATION, DECEMBER 12, 2023

AN ACT

1 Amending Title 74 (Transportation) of the Pennsylvania
2 Consolidated Statutes, in sustainable mobility options,
3 further providing for definitions, for fund, for application
4 and approval process, for Federal funding, for coordination
5 and consolidation, for operating program, for asset
6 improvement program, for new initiatives program, for
7 programs of Statewide significance and for program oversight
8 and administration, providing for small purchase procedures
9 and repealing provisions relating to evaluation of private
10 investment opportunities.

11 The General Assembly of the Commonwealth of Pennsylvania
12 hereby enacts as follows:

13 Section 1. The definitions of "asset maintenance costs,"
14 "community transportation service" or "shared ride service,"
15 "community transportation system," "local transportation
16 organization," "operating expenses" and "Public Passenger
17 Transportation Performance Report" in section 1503 of Title 74
18 of the Pennsylvania Consolidated Statutes are amended and the
19 section is amended by adding definitions to read:

20 § 1503. Definitions.

21 The following words and phrases when used in this chapter

1 shall have the meanings given to them in this section unless the
2 context clearly indicates otherwise:

3 * * *

4 "Asset maintenance costs." [All vehicle maintenance
5 expenses, nonvehicle maintenance and materials expenses and the
6 cost of supplies used in the operation of local transportation
7 organizations and transportation companies.] The costs
8 associated with the strategic and systematic process through
9 which a public transit organization procures, operates,
10 maintains, rehabilitates and replaces transit assets to manage
11 the asset's performance, risks and costs over the asset's useful
12 life to provide safe, cost-effective and reliable service in
13 accordance with the public transit organization's transit asset
14 management plan.

15 * * *

16 "Class 1 transit entity." A local transportation
17 organization or transportation company, excluding PAAC,
18 operating 1,000 or more transit vehicles in the peak period.

19 "Class 2 transit entity." A local transportation
20 organization or transportation company, excluding SEPTA,
21 operating more than 300 but less than 1,000 transit vehicles in
22 the peak period.

23 "Class 3 transit entity." A local transportation
24 organization or transportation company, excluding SEPTA and
25 PAAC, operating 300 or less fixed-route transit vehicles in the
26 peak period serving an urbanized area.

27 "Class 4 transit entity." A local transportation
28 organization or transportation company, excluding SEPTA and
29 PAAC, which serves a nonurbanized area and, during the 1990-1991
30 fiscal year, received or was approved to receive funding under

1 the act of February 11, 1976 (P.L.14, No.10), known as the
2 Pennsylvania Rural and Intercity Common Carrier Surface
3 Transportation Assistance Act.

4 * * *

5 "Community transportation service" or "shared ride service."
6 [Door-to-door] A demand response transportation system that is
7 available to the general public on a nonexclusive basis,
8 operates on a nonfixed route basis and charges a fare to all
9 riders. The term does not include exclusive ride taxi service,
10 charter and sightseeing service, nonpublic transportation,
11 school bus and limousine service.

12 "Community transportation system." A [person] public or
13 nonprofit entity or organization that provides community
14 transportation service designated by a county or other
15 governmental entity and contracts with the Department of
16 Transportation to receive revenue replacement funds.

17 * * *

18 "Formula Grants for Rural Areas Program." A public
19 transportation program, authorized by the Congress of the United
20 States and administered by the United States Department of
21 Transportation to assist states and local governmental
22 authorities in financing capital, operating, planning and job
23 access and reverse commute projects, associated with providing
24 public transportation in rural areas under 49 U.S.C. § 5311
25 (relating to formula grants for rural areas).

26 "Full level of performance." The objective standard
27 established by the Federal Transit Administration or the
28 department, or both, for determining whether a capital asset is
29 in a state of good repair.

30 * * *

1 "Local transportation organization." Any of the following:

2 (1) A political subdivision or a public transportation
3 authority, port authority or redevelopment authority,
4 organized under the laws of this Commonwealth or pursuant to
5 an interstate compact or otherwise empowered to render,
6 contract for the rendering or assist in the rendering of
7 transportation service in a limited area in this
8 Commonwealth, even though it may also render or assist in
9 rendering transportation service in adjacent states.

10 (2) A legally existing and established nonprofit
11 association that directly or indirectly provides public
12 transportation service.

13 (3) A legally existing and established nonprofit
14 association of public transportation providers operating
15 within this Commonwealth.

16 * * *

17 "Operating expenses." Total expenses required to continue
18 service to the public and to permit needed improvements in
19 service which are not self-supporting and otherwise for any
20 purpose in furtherance of public passenger transportation[,
21 including all State asset maintenance costs]. The term does not
22 include expenditures for capital projects unless specific
23 approval is provided by the Department of Transportation.

24 * * *

25 "PAAC." The Port Authority of Allegheny County organized and
26 existing under the act of April 6, 1956 (1955 P.L.1414, No.465),
27 known as the Second Class County Port Authority Act.

28 * * *

29 "Performance target." A quantifiable level of performance or
30 condition, expressed as a value for the measure to be achieved

1 for a fiscal year in order to reach a state of good repair.

2 "Preventive maintenance costs." The activities, supplies,
3 materials, labor, services and associated costs required to
4 preserve or extend the functionality and serviceability of an
5 asset in a cost-effective manner, up to and including the
6 current state of art for maintaining the asset.

7 * * *

8 "Public Passenger Transportation Performance Report." An
9 annual report completed by the Department of Transportation
10 which shall include all of the following:

11 (1) Each local transportation organization's passengers,
12 revenue vehicle miles, revenue vehicle hours and senior
13 [passengers] ridership statistics for the most recently
14 available fiscal year.

15 (2) Any other statistical information that the
16 Department of Transportation deems necessary.

17 "Public transportation agency safety plan." The plan to
18 improve the safety of all public transportation systems that
19 receive Federal and State financial assistance under 49 U.S.C.
20 5329 (relating to public transportation safety program).

21 * * *

22 "SEPTA." The Southeastern Pennsylvania Transportation
23 Authority organization organized and existing under Chapter 17
24 (relating to metropolitan transportation authorities).

25 "State of good repair." The condition in which a capital
26 asset is able to operate at a full level of performance.

27 * * *

28 "Transit asset management plan." The federally required
29 transit asset management plan that includes an inventory of
30 capital assets, a condition assessment of inventoried assets, a

1 decision support tool and a prioritization of investments needed
2 to reach a state of good repair.

3 * * *

4 "Transportation development plan." A planning tool prepared
5 by a transit entity used to analyze the need for transit in a
6 defined area, evaluate the services that are provided and
7 develop strategies to match the service to the identified
8 transit needs.

9 * * *

10 Section 2. Sections 1506(d)(2) and 1507(a)(6.1), (b) and (c)
11 of Title 74 are amended to read:

12 § 1506. Fund.

13 * * *

14 (d) Use of revenues.--Money in the fund shall be used by the
15 department as follows:

16 * * *

17 (2) for costs incurred directly by the department, not
18 to exceed the amount allocated to the department under this
19 chapter, in the administration of public passenger
20 transportation programs, including under this chapter; and

21 * * *

22 § 1507. Application and approval process.

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

27 * * *

28 (6.1) [A statement of policy outlining the basic
29 principles for the adjustment of fare growth to meet the rate
30 of inflation.] A statement of policy outlining the basic

1 policy for fare adjustments that may be needed to meet the
2 financial and performance target of the transit organization
3 as part of the transit organization's five-year financial
4 projections included in the planning study or transit asset
5 management plan update to be completed under section 1513(i).

6 * * *

7 (b) Approval and award.--Upon determining that an applicant
8 has complied with this chapter, applicable rules and regulations
9 and any other requirement with respect to the financial
10 assistance requested, the department may award financial
11 assistance to the applicant. If the department awards financial
12 assistance to the applicant, the department and the applicant
13 shall enter into a financial assistance agreement setting forth
14 the terms and conditions governing the use of the financial
15 assistance and the timing of payment of the funds. The
16 department, in collaboration with and duly considering and
17 responding to all feedback and recommendations received from
18 public transportation providers and organizations, shall develop
19 guidelines for the application for and awarding of financial
20 assistance under this chapter and shall forward them to the
21 Legislative Reference Bureau for publication in the next
22 available issue of the Pennsylvania Bulletin.

23 (c) Restriction on use of funds.--[Unless the department
24 grants the award recipient a waiver allowing the funds to be
25 used for a different purpose, financial assistance under this
26 chapter shall be used only for activities set forth under the
27 financial assistance agreement. The department's regulations
28 shall describe circumstances under which it will consider waiver
29 requests and shall set forth all information to be included in a
30 waiver request. The waiver request shall include a plan of

1 corrective action to demonstrate that the award recipient does
2 not have an ongoing need to use financial assistance funds for
3 activities other than those for which funds were originally
4 awarded. The duration of the waiver may not exceed the duration
5 of the plan of corrective action. The department shall monitor
6 implementation of the plan of corrective action. If the plan of
7 corrective action is not implemented by the local transportation
8 organization, the department shall rescind the waiver approval.]
9 Financial assistance under this chapter shall be used only for
10 activities provided under the financial assistance agreement
11 unless the department grants the award recipient a waiver
12 allowing the funds to be used for a different purpose. The
13 department's regulations shall describe circumstances under
14 which the department will consider waiver requests and shall
15 provide all information to be included in a waiver request. The
16 maximum duration of a waiver shall be until the financial need,
17 project or activity is completed that warranted the waiver and
18 may be further extended within the discretion of the department.

19 Section 3. Section 1508 of Title 74 is amended by adding a
20 subsection to read:

21 § 1508. Federal funding.

22 * * *

23 (e) Subrecipients.--Rural public transportation funding
24 received by the department from the Formula Grants for Rural
25 Areas Program under 49 U.S.C. § 5311 (relating to formula grants
26 for rural areas) shall be distributed to local transportation
27 organizations that are subrecipients of Federal funds as
28 follows:

29 (1) The department shall distribute 70% of the annual
30 apportionment under 49 U.S.C. § 5311 that the department

1 receives as the direct recipient of funds from the Formula
2 Grants for Rural Areas Program to Class 4 transit entities.
3 The distribution shall not include funding received by the
4 department under 49 U.S.C. § 5311(b) (3).

5 (2) Each month, the department shall distribute one-
6 twelfth of the Class 4 transit entity share under 49 U.S.C. §
7 5311 to Class 4 transit entities as provided under this
8 paragraph. Each Class 4 transit entity shall receive a
9 portion of each monthly distribution of the Class 4 transit
10 entity share under 49 U.S.C. § 5311 as follows:

11 (i) Fifty percent of the monthly distribution of the
12 Class 4 transit entity share under 49 U.S.C. § 5311 shall
13 be distributed to Class 4 transit entities based upon
14 each transit entity's Class 4 operating assistance grant
15 percentage under section 1513 (relating to operating
16 program). The actual amount received by each Class 4
17 transit entity under this subparagraph shall be
18 determined by multiplying a Class 4 transit entity's
19 Class 4 operating assistance grant percentage under
20 section 1513 by the total amount available for
21 distribution under this subparagraph.

22 (ii) Twenty-five percent of the monthly distribution
23 of the Class 4 transit entity share under 49 U.S.C. §
24 5311 shall be distributed to Class 4 transit entities
25 based upon each transit entity's Class 4 revenue mile
26 percentage under section 1513. The actual amount received
27 by each Class 4 transit entity under this subparagraph
28 shall be determined by multiplying a Class 4 transit
29 entity's Class 4 revenue mile percentage under section
30 1513 by the total amount available for distribution under

1 this subparagraph.

2 (iii) Twenty-five percent of the monthly
3 distribution of the Class 4 transit entity share under 49
4 U.S.C. § 5311 shall be distributed to Class 4 transit
5 entities based upon each transit entity's Class 4 revenue
6 hour percentage under section 1513. The actual amount
7 received by each Class 4 transit entity under this
8 subparagraph shall be determined by multiplying a Class 4
9 transit entity's Class 4 transit entity revenue hour
10 percentage under section 1513 by the total amount
11 available for distribution under this subparagraph.

12 Section 4. Section 1512(a) and (b) (1) of Title 74 are
13 amended and subsection (b) is amended by adding a paragraph to
14 read:

15 § 1512. Coordination and consolidation.

16 (a) Coordination.--Coordination is required in regions where
17 two or more award recipients have fixed route, shared ride, or
18 both, services or activities for which financial assistance is
19 being provided under this chapter to assure that the services or
20 activities are provided efficiently and effectively.

21 (b) Consolidation and mutual cooperation.--

22 (1) The department, [in consultation with] at the
23 request of local governments and local transportation
24 organizations, shall study the feasibility of consolidation
25 and mutual cooperation among local transportation
26 organizations as a means of reducing annual expenses without
27 loss of service to the communities they serve. The study
28 shall examine the creation of service regions or mutual
29 cooperation pacts to determine whether either method would
30 reduce annual expenses. The feasibility analysis is to

1 include a cost-benefit analysis and operational analysis.

2 * * *

3 (4) After the five-fiscal-year period under paragraph
4 (3), the department shall waive the match requirement under
5 sections 1513 and 1514 for an additional five fiscal years
6 for the local transportation organization's participation in
7 the recommended action under paragraph (2) in an amount not
8 to exceed the estimated annual net savings of the implemented
9 recommendations. At the end of the five-year period, the
10 local match shall begin at the preconsolidated level.

11 * * *

12 Section 5. Section 1513(a)(2), (d)(3) and (4), (e), (f), (g)
13 and (h) of Title 74 are amended and the section is amended by
14 adding subsections to read:

15 § 1513. Operating program.

16 (a) Eligible applicants.--The following may apply for
17 financial assistance for operating expenses under this section:

18 * * *

19 (2) A Commonwealth agency or instrumentality whose
20 primary purpose is providing public transportation.

21 * * *

22 (d) Local match requirements.--

23 * * *

24 (3) Eligible local matching funds shall consist only of
25 cash contributions provided by one or more municipalities or
26 counties. The amount of the match and the time period during
27 which the match must continue to be available shall be
28 specified in the financial assistance agreement. [Funding] At
29 the discretion of the local transportation organization,
30 funding provided by local and private entities, including

1 [advertising or naming rights] nontraditional transit
2 revenue, may qualify as local matching funds to the extent
3 they provide for the cost of transit service that is open to
4 the public. The following shall not be considered local
5 matching funds:

6 (i) Any form of transit operating revenue or other
7 forms of transit income provided by the local
8 transportation organization.

9 (ii) Funds used to replace fares.

10 (4) A municipality in a metropolitan area which is a
11 member of a local transportation organization which receives
12 direct or indirect Federal funds is authorized to provide
13 annual financial assistance from current revenues to the
14 local transportation organization of which it is a member or
15 enter into a long-term agreement for payment of money to
16 assist in defraying the costs of operation, maintenance and
17 debt service of the local transportation organization or of a
18 particular public transportation project of a local
19 transportation organization. The obligation of a municipality
20 under an agreement pursuant to this paragraph shall not be
21 considered to be a part of the indebtedness of the
22 municipality, nor shall the obligation be deemed to impair
23 the status of any indebtedness of the municipality which
24 would otherwise be considered self-sustaining.

25 [(e) Performance reviews.--

26 (1) The department may conduct performance reviews of an
27 award recipient under this section to determine the
28 effectiveness of the financial assistance. Reviews shall be
29 conducted at regular intervals as established by the
30 department in consultation with the management of the award

1 recipient. After completion of a review, the department shall
2 issue a report that:

3 (i) highlights exceptional performance and
4 identifies any problems that need to be resolved;

5 (ii) assesses performance, efficiency and
6 effectiveness of the use of the financial assistance;

7 (iii) makes recommendations on follow-up actions
8 required to remedy any problem identified; and

9 (iv) provides an action plan documenting who should
10 perform the recommended actions and a time frame within
11 which they should be performed.

12 (2) The department shall deliver the report to the
13 Governor, to the chairman and minority chairman of the
14 Transportation Committee of the Senate and to the chairman
15 and minority chairman of the Transportation Committee of the
16 House of Representatives. The department's regulations shall
17 contain a description of the impact on both the amount of,
18 and future eligibility for, financial assistance under this
19 chapter based upon the degree to which the local
20 transportation organization complies with the recommendations
21 in the report. The department shall develop a list of best
22 practices revealed by the reports issued under this
23 subsection and shall post them on the department's Internet
24 website.

25 (f) Performance criteria.--Criteria used for the reviews
26 conducted under subsection (e) shall consist of passengers per
27 revenue vehicle hour, operating costs per revenue vehicle hour,
28 operating revenue per revenue vehicle hour, operating costs per
29 passenger and other items as the department may establish. The
30 department's regulations shall set forth the minimum system

1 performance criteria based upon comparison of the award
2 recipient to its past performance and to its peers that an award
3 recipient must satisfy.

4 (g) Failure to satisfy minimum performance criteria.--

5 (1) If a performance review conducted under subsection
6 (e) reveals that the performance of an award recipient's
7 transportation system has decreased compared to performance
8 determined through a prior review, the department may, upon
9 the written request of an award recipient, waive any
10 requirement for a reduction in the amount of financial
11 assistance to be awarded under this section for a reasonable
12 time period to allow the award recipient to bring the system
13 back to the required performance level. The award recipient
14 shall provide written justification for providing a time
15 period longer than two years. In order to obtain the waiver
16 for the period requested, the award recipient must do all of
17 the following:

18 (i) Develop an action plan to improve system
19 performance that contains key measurable milestones. The
20 action plan must be acceptable to the department and must
21 be approved by the department in writing.

22 (ii) Submit quarterly progress reports on the action
23 plan to the department.

24 (2) The department shall review and evaluate the award
25 recipient's progress to determine if the system has improved.
26 If the system has improved, the award recipient will remain
27 eligible for full formula funding as determined under
28 subsection (c). If the system has not improved by the end of
29 the waiver period, the waiver will be withdrawn. Expenses
30 incurred by the award recipient as a result of the failure of

1 the award recipient's system to meet the minimum performance
2 criteria shall be borne by the award recipient.

3 (h) Adjustments to minimum performance criteria.--Upon
4 written request of an award recipient, the department may adjust
5 the minimum performance criteria described in subsection (g) in
6 a given year if the performance of the award recipient's system
7 is adversely affected by circumstances which are beyond the
8 award recipient's control. Examples are labor strikes,
9 infrastructure failures and natural disasters. The request must
10 include the award recipient's reasons for seeking the
11 adjustment.]

12 (i) Planning studies.--

13 (1) Beginning January 1, 2024, the department may
14 require each award recipient to conduct an independent
15 planning study or transportation development plan update
16 every five years to evaluate the public transit services
17 being funded under this section. The planning study shall
18 include, but not be limited to, the following:

19 (i) A financial performance analysis of existing
20 services and trends.

21 (ii) A customer satisfaction survey.

22 (iii) A five-year capital improvement plan,
23 including a performance target consistent with the
24 recipient's adopted transit asset management plan for
25 reaching a state of good repair.

26 (iv) A five-year service plan based on customer and
27 community input and participation.

28 (v) A five-year financial plan based on the adopted
29 service plan and levels of funding.

30 (vi) An evaluation of safety and performance target

1 related to the recipient's adopted public transportation
2 agency safety plan.

3 (vii) Other analysis as may be needed.

4 (2) The department shall fund the planning studies
5 through a technical assistance grant to the award recipient
6 in full or in part and match Federal funds to conduct the
7 study.

8 (3) Recipients may utilize consultants already under
9 contract with the department or solicit independently or
10 jointly with other transit systems for a consultant to
11 conduct the study in compliance with all applicable Federal
12 and State procurement regulations.

13 (4) The department shall deliver an executive summary of
14 the planning studies to the Governor, the chairperson and
15 minority chairperson of the Transportation Committee of the
16 Senate and the chairperson and minority chairperson of the
17 Transportation Committee of the House of Representatives. The
18 department shall develop a list of best practices documented
19 by the studies conducted under this subsection and post the
20 best practices and the executive summary on the department's
21 publicly accessible Internet website.

22 (j) Performance criteria.--A performance target shall be
23 developed by the recipient based on the current and projected
24 trends in service and adopted by the recipient's governing
25 board.

26 Section 6. Section 1514(a), (b), (e), (e.1) and (f) of Title
27 74 are amended to read:

28 § 1514. Asset improvement program.

29 (a) Eligible applicants.--

30 (1) The following may apply for financial assistance for

1 improvement, replacement or expansion of capital projects
2 under this section:

3 (i) A local transportation organization.

4 (ii) An agency or instrumentality of the
5 Commonwealth engaged in public transportation service.

6 (iii) A [person] public or nonprofit entity or
7 organization responsible for coordinating community
8 transportation program services.

9 (iv) Any other [person] public or nonprofit entity
10 or organization that provides public transportation
11 services the department deems to be eligible.

12 (2) The department and the public transit organization
13 shall develop and maintain four-year and 12-year plans that
14 summarize the capital projects and financial assistance
15 commitments for each [applicant] public transit system in
16 accordance with the public transit system's adopted transit
17 asset management plan and annual performance target. The
18 department may enter into multiyear agreements to provide
19 financial assistance for capital projects based upon cash
20 flow and revenue projections for the fund. Each capital
21 project shall be based on the transit asset management plan
22 developed by the public transportation organization in
23 collaboration with the department.

24 (b) Applications.--In addition to information required under
25 section 1507 (relating to application and approval process), an
26 application for financial assistance under this section shall
27 include the following:

28 (1) Evidence satisfactory to the department that the
29 proposed capital project is included in the first year of the
30 applicant's four-year capital plan, transit asset management

1 plan's performance target and its federally approved
2 transportation improvement program.

3 (2) If an applicant is requesting financial assistance
4 for replacement of a capital project, evidence satisfactory
5 to the department that the capital project to be replaced has
6 exceeded the useful life criteria [as defined by the
7 department] in accordance with the applicant's transit asset
8 management plan's performance target. At its discretion, the
9 department may approve funding to replace a capital project
10 that does not exceed the useful life criteria if the
11 applicant provides documentation acceptable to the department
12 to justify the early replacement of the capital project.

13 [(3) If the applicant is requesting financial assistance
14 for expansion of a capital project, evidence satisfactory to
15 the department that the applicant will have sufficient future
16 annual operating funds to support the proposed expansion.

17 (4) Any other information required by the department,
18 including a return on investment analysis or a life cycle
19 cost analysis, or both.]

20 * * *

21 (e) Priorities.--The award of [financial assistance under
22 this section] discretionary funding under subsection (e.1)(4)
23 shall be subject to the following set of priorities in
24 descending order of significance unless a compelling return on
25 investment analysis for a project in a lower category is
26 provided to and approved by the department:

27 (1) Requests for funds required to support existing
28 local bond issues currently supported with State revenue
29 sources, such as debt service and asset leases. The
30 Commonwealth pledges to and agrees with any person, firm or

1 corporation holding any bonds previously issued by, or any
2 other debt incurred by, a local transportation organization
3 and secured in whole or part by a pledge of the funds
4 provided to the local transportation organization from the
5 fund that the Commonwealth will not limit or alter rights
6 vested in a local transportation organization in any manner
7 inconsistent with obligations of the local transportation
8 organization to the obligees of the local transportation
9 organization until all bonds previously issued or other debt
10 incurred, together with the interest thereon, is fully paid
11 or provided for.

12 (2) Requests for funds required to match federally
13 approved capital projects [funded under 49 U.S.C. §§ 5307
14 (relating to urbanized area formula grants) and 5309
15 (relating to capital investment grants and loans) and other
16 federally approved capital projects].

17 (3) Other non-Federal capital projects as determined by
18 the department, which shall be further subject to the
19 following set of priorities in descending order of
20 significance:

21 (i) Essential emergency asset improvement projects.

22 (ii) Standard replacement of existing assets that
23 have exceeded their useful life.

24 (iii) Asset improvement projects to extend the
25 useful life of the affected assets.

26 (iv) Acquisition of new assets and other acceptable
27 purposes, other than projects to be funded under the new
28 initiatives program described in section 1515 (relating
29 to new initiatives program), as determined by the
30 department.

1 (e.1) Distribution procedure.--During each fiscal year,
2 capital project, asset maintenance and other program funds shall
3 be distributed to each transit organization on a monthly basis
4 in accordance with the formula specified in this section and
5 used strictly in accordance with the use specified in this
6 section. The department shall allocate financial assistance
7 under this section on a percentage basis of available funds each
8 fiscal year as follows:

9 (1) [The local transportation organization organized and
10 existing under Chapter 17 (relating to metropolitan
11 transportation authorities) as the primary provider of public
12 passenger transportation for the counties of Bucks, Chester,
13 Delaware, Montgomery and Philadelphia shall receive 69.4% of
14 the funds available for distribution under this section.]
15 SEPTA shall receive 69.4% of the funds available for
16 distribution under this section.

17 (2) [The local transportation organization organized and
18 existing under the act of April 6, 1956 (1955 P.L.1414,
19 No.465), known as the Second Class County Port Authority Act,
20 as the primary provider of public transportation for the
21 county of Allegheny shall receive 22.6% of the funds
22 available for distribution under this section.] PAAC shall
23 receive 22.6% of the funds available for distribution under
24 this section.

25 (3) Other local transportation organizations organized
26 and existing as the primary providers of public passenger
27 transportation for the counties of this Commonwealth not
28 identified under paragraph (1) or (2) shall receive 8% of the
29 funds available for distribution under this section. The
30 department shall allocate the funds under this paragraph

1 among the local transportation organizations.

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

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

12 (6) Beginning with the 2023-2024 fiscal year, each month
13 the Treasury Department shall pay one-twelfth of the
14 department project management oversight share for that fiscal
15 year into the General Fund. The money transferred under this
16 paragraph shall be appropriated to the department for
17 expenses related to project management and oversight of
18 capital and asset maintenance projects funded under this
19 section.

20 (7) Each month, the Treasury Department shall pay one-
21 twelfth of the community transportation program share for
22 that fiscal year into the General Fund. The money transferred
23 under this paragraph shall be appropriated to the department
24 to make grants to counties under this section for the purpose
25 of funding capital projects of community transportation
26 programs.

27 (8) Each month, the Treasury Department shall pay the
28 planning, development, research, rural expansion and
29 department-initiated programs share under this section for
30 that month into the General Fund. The money transferred under

1 this paragraph shall be appropriated to the department to
2 incur costs directly or to make grants to local
3 transportation organizations under section 1513(i), for the
4 purpose of funding planning, development, research, rural
5 expansion and department-initiated programs.

6 (9) Each month, the department shall distribute one-
7 twelfth of the Class 4 transit entity share under this
8 section to Class 4 transit entities as provided under this
9 paragraph. Each Class 4 transit entity shall receive a
10 portion of each monthly distribution of the Class 4 transit
11 entity share under this section as follows:

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

22 (ii) Twenty-five percent of the monthly distribution
23 of the Class 4 transit entity share under this section
24 shall be distributed to Class 4 transit entities based
25 upon each transit entity's Class 4 revenue mile
26 percentage under this section. The actual amount received
27 by each Class 4 transit entity under this subparagraph
28 shall be determined by multiplying a particular Class 4
29 transit entity's Class 4 revenue mile percentage under
30 this section by the total amount available for

1 distribution under this subparagraph.

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

13 (10) Each month, after providing for payment of the
14 portion of the department project management oversight share,
15 the community transportation program share under this
16 section, the planning, development, research, rural expansion
17 and department-initiated programs shares under this section
18 and the Class 4 transit entity share under this section to be
19 distributed that month, the department shall distribute all
20 remaining capital project, asset maintenance and other
21 program funds as follows:

22 (i) Each Class 1 transit entity shall receive a pro
23 rata share of the Class 1 transit entity share under this
24 section. If there is only one Class 1 transit entity, the
25 Class 1 transit entity shall receive the entire Class 1
26 transit entity share under this section.

27 (ii) Each Class 2 transit entity shall receive a pro
28 rata share of the Class 2 transit entity share under this
29 section. If there is only one Class 2 transit entity, the
30 Class 2 transit entity shall receive the entire Class 2

1 transit entity share under this section.

2 (iii) Each Class 3 transit entity shall receive a
3 portion of the Class 3 transit entity share under this
4 section as follows:

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

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

25 (C) Sixteen and sixty-six hundredths percent of
26 the Class 3 transit entity share under this section
27 shall be distributed to Class 3 transit entities
28 based upon each transit entity's Class 3 total
29 passenger percentage under this section. The actual
30 amount received by each Class 3 transit entity under

1 this clause shall be determined by multiplying a
2 particular Class 3 transit entity's Class 3 total
3 passenger percentage under this section by the total
4 amount available for distribution under this clause.

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

14 (E) Twenty-five percent of the Class 3 transit
15 entity share under this section shall be distributed
16 to Class 3 transit entities based upon each transit
17 entity's Class 3 State operating grant percentage.
18 The actual amount received by each Class 3 transit
19 entity under this clause shall be determined by
20 multiplying a particular Class 3 transit entity's
21 Class 3 State operating grant percentage by the total
22 amount available for distribution under this clause.

23 (11) If, during any fiscal year, either the number of
24 vehicles operated by a local transportation organization or
25 transportation company or the area served by a local
26 transportation organization or transportation company changes
27 so that the local transportation organization or
28 transportation company meets the criteria for a different
29 transit entity class as defined under section 1503 (relating
30 to definitions), on or before July 15 of the fiscal year

1 which follows the change and in each fiscal year thereafter,
2 the department shall reflect any change in the transit entity
3 class of the local transportation organization or
4 transportation company in the department certification for
5 that year and subsequent fiscal years. The following shall
6 apply:

7 (i) In the department's calculation of the transit
8 entity shares under this section for each transit entity
9 class required by paragraph (9) for the fiscal year
10 following the change in a local transportation
11 organization or transportation company's transit entity
12 class and thereafter, the department shall include the
13 amount of the transit entity shares under this section
14 allocated to the local transportation organization or
15 transportation company for the fiscal year prior to the
16 change in the transit entity class, in the transit entity
17 shares under this section for the new transit entity
18 class of such a local transportation organization or
19 transportation company, and shall delete an equal amount
20 from the transit entity shares under this section for the
21 transit entity class for which such a local
22 transportation organization or transportation company no
23 longer meets the criteria in the new fiscal year.

24 (ii) No local transportation organization or
25 transportation company which has changed from one transit
26 entity class to another due to either an increase in the
27 number of vehicles operated or the United States Census
28 Bureau's declaring the transportation organization or
29 transportation company's service area an urbanized area
30 shall receive less than the amount transferred on the

1 account by the department under this section.

2 (12) No change in classification or distribution to a
3 Class 1, 2, 3 and 4 transit entity shall change, reduce,
4 alter or otherwise be done in a manner that would adversely
5 impact the distribution percentages under this section and
6 amounts that SEPTA and PAAC are entitled to under paragraphs
7 (1) and (2).

8 (f) Bonding by award recipients.--With the approval of the
9 department, an award recipient that is permitted by law to issue
10 bonds may do so for the purpose of financing a [multiyear]
11 capital project. The department shall enter into an agreement
12 with the award recipient providing that payments of the awarded
13 funds sufficient to satisfy requirements of the bonds issued be
14 made directly to the trustee of the bondholders until such time
15 as the bonds are retired.

16 Section 7. Section 1515(a) of Title 74 is amended and
17 subsection (c) is amended by adding a paragraph to read:
18 § 1515. New initiatives program.

19 (a) Eligible applicants.--[Persons] A public or nonprofit
20 entity or organization eligible to apply for financial
21 assistance under section 1514 (relating to asset improvement
22 program) shall also be eligible to apply for financial
23 assistance for new or expansions of fixed guideway systems or
24 the physical or roadway improvement elements of a corridor
25 project designed to expedite bus service under this section.

26 * * *

27 (c) Source of funds and priorities.--

28 * * *

29 (3) The department may develop and implement a pilot
30 program to test and evaluate new models of paying and

1 delivering shared ride and community transportation in
2 collaboration with existing public transit systems and other
3 transportation organizations and entities in this
4 Commonwealth with the goal of developing a sustainable and
5 need-based delivery and payment of services model.

6 * * *

7 Section 8. Sections 1516(a)(3) and (d)(2), (3), (4) and (5)
8 and 1518 of Title 74 are amended to read:

9 § 1516. Programs of Statewide significance.

10 (a) General rule.--Money in the fund allocated for programs
11 of Statewide significance shall be used by the department to
12 support public transportation programs, activities and services
13 not otherwise fully funded through the operating program,
14 capital program or asset improvement program. In addition to any
15 requirements contained in this section, applications must comply
16 with section 1507 (relating to application and approval
17 process). Programs of Statewide significance shall include:

18 * * *

19 (3) Community transportation capital and service
20 stabilization. The department shall issue an annual
21 notification of the availability of funds for the programs
22 under this paragraph.

23 * * *

24 (d) Community transportation.--

25 * * *

26 (2) Subject to the limitations of this subsection, the
27 following may apply for financial assistance under this
28 subsection:

29 (i) The governing body of a county, other than a
30 county of the first or second class.

1 (ii) A public or nonprofit or private transportation
2 company designated by the governing body of the county as
3 the coordinator of community transportation service.

4 (iii) An agency or instrumentality of the
5 Commonwealth.

6 * * *

7 (3) Financial assistance for service stabilization may
8 only be provided for the following purposes:

9 (i) Short-term, long-term and strategic planning.

10 (ii) Technology investment.

11 (iii) Training programs designed to enhance
12 transportation management and staff expertise.

13 (iv) Offsetting operating expenses that cannot be
14 covered by fare revenue due to emergencies declared by
15 the Governor or acts of the General Assembly.

16 (v) Marketing activities.

17 (vi) Other stabilization purposes approved by the
18 department.

19 (4) The department shall give high priority to providing
20 financial assistance under this subsection as match for
21 Federal funding to support capital projects for community
22 transportation systems[.] as long as the Federal funding
23 being matched is not reducing the amount of Federal funding
24 available to support existing federally funded public
25 transportation direct or subrecipients.

26 [(5) The department shall conduct a study to evaluate
27 the effectiveness and efficiency of community transportation
28 service delivery as it relates to human service programs. The
29 Department of Public Welfare, the Office of the Budget and
30 the Department of Aging and other appropriate Commonwealth

1 agencies identified by the department shall participate in
2 the study. Within two years following the effective date of
3 this section, these agencies shall make recommendations to
4 the Governor and the Majority and Minority chairpersons of
5 the Transportation Committee of the Senate and the Majority
6 and Minority chairpersons of the Transportation Committee of
7 the House of Representatives for improving coordination and
8 efficiency of human services and community transportation.]

9 * * *

10 § 1518. Program oversight and administration.

11 The department is authorized to use available money in the
12 fund to cover the costs incurred by the department in
13 administering all of its public passenger transportation funding
14 programs, including those established under this chapter, and
15 incurred in the carrying out of its responsibilities with
16 respect to the programs[.], not to exceed the amount authorized
17 to the department under this chapter. The department shall
18 annually produce a report on the department's publicly
19 accessible Internet website detailing the amount of funding
20 received for administering the program, total funding received
21 and total funds disbursed under each program to be funded in the
22 entire program.

23 Section 9. Title 74 is amended by adding a section to read:

24 § 1518.1. Small purchase procedures.

25 A local transportation company or transportation organization
26 may use small purchase procedures to acquire services, supplies
27 or other property valued at more than the micro-purchase
28 threshold but less than the Federal simplified acquisition
29 threshold as defined under 2 CFR 200.1 (relating to
30 definitions).

1 Section 10. Section 1520 of Title 74 is repealed:

2 [§ 1520. Evaluation of private investment opportunities.

3 (a) Study.--A local transportation organization receiving
4 funding in an amount greater than \$5,000,000 annually under this
5 chapter shall undertake a study to evaluate the feasibility of
6 utilizing partnerships with private service providers and
7 financial partners as a method to operate and finance new or
8 existing services. Within one year following the effective date
9 of this section, each local transportation organization required
10 to evaluate private participation under this section shall
11 submit a report to the secretary and the majority chairperson
12 and minority chairperson of the Transportation Committee of the
13 Senate and the majority chairperson and minority chairperson of
14 the Transportation Committee of the House of Representatives.

15 (b) Report.--The report shall, at a minimum, include the
16 results of the evaluation, a determination of the viability of
17 greater private partnering and any recommendations about how to
18 achieve greater participation from the private sector.

19 (c) Preclusion.--Nothing in this section shall preclude a
20 local transportation organization receiving less than \$5,000,000
21 annually under this chapter from making an evaluation of greater
22 private involvement in their operations.]

23 Section 11. This act shall take effect in 60 days.