



## BILL SUMMARY

<b><u>COMMITTEE:</u></b>	Transportation	<b><u>DATE:</u></b>	6/17/13
<b><u>PRIME SPONSOR:</u></b>	Rafferty	<b><u>BILL NO.:</u></b>	SB 1
<b><u>PREPARED BY:</u></b>	Greg Grasa Eric Bugaile	<b><u>PRINTER'S NO.:</u></b>	1162
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### A. **SYNOPSIS:**

Provides for:

- increased funding for the Commonwealth's transportation system, including highways, roads, bridges, mass transit and other modes;
- PennDOT modernization; and
- PA Turnpike Commission modernization and reforms.

### B. **BILL SUMMARY:**

SB 1 amends Titles 74 (Transportation), 75 (Vehicles) and 20 (Probates, Estates and Fiduciaries) to provide for a comprehensive funding plan and significant funding increase for all modes of transportation and all transportation infrastructure within the Commonwealth.

#### **Fuel Tax (Uncapping OCFT):**

SB 1 amends *Title 75* as follows:

Section 9002 (relating to definitions), to provide for a 3-year phase-out of the current \$1.25 cap on the Oil Company Franchise Tax (OCFT). The OCFT is calculated by multiplying the Average Wholesale Price (AWP) by the applicable millage rate for gasoline and diesel.

- The AWP will be set at \$1.87 on July 1, 2013; \$2.49 on January 1, 2014; and \$3.11 on January 1, 2015. [\$3.11 is the true AWP per gallon of all taxable fuels applicable to 2013, according to the Pa Department of Revenue as published in the *PA Bulletin* in December 2012.]
- Beginning in 2016, there will be no cap and the rate will be determined by the existing formula under the definition of AWP. The floor will be set at \$2.49.

Section 9004 (relating to imposition of tax, exemptions and deductions), to reduce the rate of the liquid fuels tax (tax at the pump) in fiscal years 2013-14 and 2014-15.

- The current rate is 12 cents per gallon of gasoline and diesel.
- The rate will decrease to 11 cents in 2013-14 and 10 cents in 2014-15.
- The rate will then revert to 12 cents on July 1, 2015.

Section 9502 (relating to imposition of tax), to:

- provide for the transfer of \$20 million from the OCFT to the new Multimodal Fund.
- adjust the distribution of 55 mills of the OCFT imposed under Act 26 of 1991.

Specifically:

- The distribution to county maintenance districts is decreased from 42% to 29% of 55 mills in fiscal year 2013-14, and to 19% in fiscal years 2014-15 and each year thereafter.
- The allocation for highway construction is increased from 17% to 30% of 55 mills in fiscal year 2013-14 and to 40% in fiscal year 2014-15 and thereafter.
- in subsection (a)(3), which applies to 38.5 mills imposed under Act 3 of 1997, to delete language applicable to past fiscal years and to reallocate the 88% of Act 3 millage currently restricted to maintenance and distributed under the Highway Maintenance formula. The 12% of 38.5 mills currently allocated to municipalities is not affected.
  - Specifically, of the 88% currently distributed through the Highway Maintenance formula, 53% will continue to be distributed by that formula in fiscal year 2013-14, decreasing to 40% in fiscal year 2014-15 and thereafter. The remainder of the 88% will then be divided as follows:
    - 35% for expanded highway and bridge maintenance in fiscal year 2013-14 and 48% in fiscal year 2014-15 and thereafter to be distributed as follows:
      - 15% of 35% distributed by the PennDOT Secretary.
      - The remainder of 35% distributed under the Highway Maintenance formula.

Section 9511 (relating to allocation of proceeds), to:

- provide for a reallocation of 3 mills of the OCFT under Act 32 of 1983. Currently, all 3 mills are dedicated to the Highway Turnback program, whereby municipalities that accept the turnback of state roads receive an annual maintenance payment of \$4,000 per mile of road turned back.
- The reallocation preserves the current maintenance payment amount for roads that have been turned back to municipalities. The balance of the 3 mills is then deposited in the Highway Bridge Improvement Restricted Account for local bridges.

### **Extended Periods for Vehicle Registration and Driver's License:**

SB 1 amends Title 75 to provide for two-year registration of vehicles (increased from 1 year) and for a six-year driver's license (increased from 4 years).

### **Fee Increases (Vehicle Registration, Driver's License, Permits, Services):**

SB 1 amends *Title 75* as follows:

- Chapters 19 and 21, to provide for increases to the fees relating to vehicle registration, driver's license, permits, and services. The increases are based on the rate of inflation

since each fee was last increased. Increases for trucks and truck tractors are phased in over four years.

- Section 1904, to provide for future inflationary increases to the fees charged under Chapters 19 and 21 beginning on July 1, 2016, and on July 1 of every third year thereafter.
- Sections 1553 and 1554, to provide for inflationary increases to the fees for occupational limited licenses and probationary licenses.
- Section 1617, to provide for inflationary increases to the fees for commercial driver's licenses.
- Chapter 77, to provide for inflationary increases to fees related to snowmobiles and ATVs.
- Section 1904, to redirect "unprotected" fees currently deposited into the Motor License Fund to the Public Transportation Trust Fund (PTTF). Specifically, the fees in Title 75 that will generate this revenue are:
  - Section 1951 (c) (Identification card);
  - Section 1952 (Certificate of title);
  - Section 1953 (Recording or changing the amount of security interest on a title);
  - Section 1955 (Information concerning vehicles and drivers);
  - Section 1956 (Certified copies of records); and
  - Section 1958 (Certificate of inspection).

#### **Increased Fines and Surcharge on Traffic Violations/Financial Responsibility Fine:**

SB 1 amends *Title 75* as follows:

- Section 3111, to provide for an increase to the fine for failing to obey traffic-control devices. [Section 3111 violations are non-points violations.]
  - Currently, there is no fine set in Title 75 for Section 3111, so the fine defaults to \$25 in accordance with Section 6502 of Title 75. SB 1 will establish a sliding scale fine of \$100 to \$300.
  - Any revenue collected beyond \$25 will be deposited in the PTTF, specifically for the Asset Improvement program. The base \$25 fine will continue to be deposited in the Motor License Fund and the Judicial Computer System Augmentation Account as provided for in Section 3733 (a) of Title 42.
- Section 6505, to provide for a surcharge of \$100 on all other moving violations under Title 75.
- Section 1786, to provide for a financial responsibility fine, which will allow individuals whose operating privilege and registration have been suspended due to failure to carry insurance the option to pay an additional fine of \$500 in lieu of serving the suspension.

#### **Mass Transit:**

SB 1 amends *Title 74* as follows:

Section 1503 (relating to definitions), to:

- clarify the definition of "Base Operating Allocation," stipulating that the allocation shall be based on the last fiscal year that a transit agency received financial assistance under

the Operating Assistance program. [Current law provides that the fiscal year 2005-06 operating allocation multiplied by 1.0506 shall be the base operating allocation.]

- amend the definition of “Capital Expenditure” to provide PennDOT with the discretion to allow preventative maintenance expenses to be eligible to receive capital funding.

Section 1506(b) (relating to fund), to:

- provide for an incremental shift of \$165 million of the current \$200 million Turnpike Commission payment to the Motor License Fund (MLF) for highway and bridge uses to the PTTF for transit uses, beginning with fiscal year 2013-14. \$35 million of the Turnpike payment to the MLF will remain in effect and represents \$30 million earmarked for municipalities and \$5 million earmarked for county bridges under Act 44.
- deposit revenue in the PTTF from the new \$100 surcharge on moving violations under Title 75, and from the increase in the Section 3111 fine under Title 75.
- provide for a decrease in Turnpike payments to the Operating Assistance program for transit agencies. Currently, the Operating Assistance program receives the entire \$250 million Turnpike payment for transit agencies. Beginning in fiscal year 2013-14, the payment to the operating assistance program would decrease to \$162 million. By fiscal year 2017-18, the payment will decrease to \$75 million.
- provide for an increase in the allotment to the Operating Assistance Program for transit agencies derived from the 4.% of the state’s sales and use tax that currently is deposited into the PTTF. The allotment is increased from 69.99% to 86.76% of the 4.4% of collections deposited in the PTTF.
- provide for incrementally increasing percentages of “unprotected” fee revenue that is currently deposited into the MLF. The percentage of the fee revenue will increase from 10% in fiscal year 2013-14 to 77% in fiscal year 2017-18.
- with respect to the Asset Improvement program (transit capital funding), to:
  - delete language applicable to past fiscal years,
  - provide that 95% of remaining Turnpike payment revenue, after the allocation of \$30 million to the new Multimodal Fund, shall be allocated to the Asset Improvement program,
  - deposit revenue from the Section 3111 fine increase and the Title 75 fine surcharge to the Asset Improvement Program, and
  - direct all remaining revenue from the Turnpike payment to Programs of Statewide Significance.

Section 1507 (relating to application and approval process), to strengthen requirements for transit agencies in submitting evidence of ability to meet local match requirements. Transit agencies are required to submit statements relative to fare growth in conjunction with the rate of inflation. Section 1507(c), which applies to waivers for use of funds provided by PennDOT, is amended so that a waiver may not exceed the duration of a plan of corrective action put in place as part of a department waiver.

Section 1512 (relating to coordination and consolidation), to provide for the potential consolidation of transit agencies:

- PennDOT shall conduct a consolidation study. If the study estimates that one or more transit agency would realize savings of at least \$2 million or 25% of the local match

contribution, the transit agencies will be required to consolidate or have their local match increased.

- The increased local match will apply to the match for the Operating Assistance program. The current match for operating is 15% of the financial assistance provided. If agencies do not consolidate after the identification of savings, they will be required to pay an operating match of 25% of the financial assistance provided. The legislation provides protection to a transit agency if that agency is the only agency willing to consolidate. In such a case, the willing agency will not be required to provide increased match.

Section 1514 (relating to asset improvement program), by adding a new subsection (e)(1) that establishes a new percentage-based distribution of capital funding:

- SEPTA – 69.4%
- Port Authority of Allegheny County – 22.6%
- All other transit agencies – 8%
- Distribution by Secretary of Transportation – 5%

Section 1516 (relating to programs of statewide significance), to:

- expand the Shared Ride Program for Persons with Disabilities into Allegheny County; and
- provide for short-term demonstration projects to transition into public passenger transportation service and receive funding under the Operating Assistance program.

Section 1517 (relating to Capital Improvement Program) is repealed. Currently, this is the only state transit capital program other than capital budget funding. Current funding is provided through 16.77% of the 4.4% of the sales and use tax deposited in the PTTF.

SB 1 adds new Section 1517.1, which establishes the Alternative Energy Capital Investment Program. This is a competitive grant program to implement capital improvements necessary to support conversion of a transit agency's fleet to an alternative energy source, including Compressed Natural Gas (CNG). The grant program will be administered by PennDOT. \$60 million from the PTTF is provided to this program. Under the program, PennDOT will also have the authority to supplement base operating allocations to transit agencies if necessary to stabilize an operating budget.

### **Multimodal Fund Established:**

A new Chapter 21 is added to Title 74 to establish a Multimodal Transportation Fund within the State Treasury to provide grant funding for rail freight, rail passenger service, aviation, ports and waterways, road and bridge projects, and bicycle and pedestrian projects. PennDOT will administer the grant program, but uses of the funding are conditional upon agreement by the Legislature's four Transportation Committee Chairmen.

Sources of funding include \$30 million of the Turnpike payment for transit agencies, 23% of the Title 75 fees to be deposited in the PTTF, and, beginning in fiscal year 2015-16, \$20 million of OCFT revenue.

Distribution amounts:

- \$6 million for aviation
- \$10 million for rail freight
- \$5.5 million for rail passenger service
- \$8 million for ports and waterways
- \$2 million set-aside for bicycle and pedestrian programs

The PennDOT Secretary is permitted to allocate an additional \$15 million of the OCFT revenue to the Multi-Modal Fund.

PennDOT is authorized to provide grants for streetscapes, lighting, sidewalk enhancement, pedestrian safety and related projects. Projects under this fund will require a local match equal to 30% of the non-federal share of the project cost.

**Sunset of Act 44 Turnpike Obligation:**

SB 1 amends Title 75 Chapter 89 (relating to PA Turnpike) to:

- provide for the termination of the PA Turnpike's annual \$450 million obligation to PennDOT authorized by Act 44 of 2007. Payments will end after fiscal year 2020-21 (eight years).
- provide for the incremental shift of current Act 44 payments to the MLF to the PTF, beginning with a shift of \$20 million in fiscal year 2013-14 and increasing to a shift of \$165 million in fiscal year 2017-18. However, \$35 million of the Turnpike payment to the MLF will remain in effect, representing \$30 million earmarked for municipalities and \$5 million earmarked for county bridges under Act 44.
- provide replacement revenue for that \$450 million after 2020-21. Replacement revenue will come from a \$450 million carve-out from the sales tax imposed on vehicles, trailers and semi-trailers, unless the Governor and General Assembly enact another funding source by July 1, 2021.

**Turnpike:**

Amends Section 8105 of Title 74 to:

- provide for a return to the pre-Act 44 term of office provisions for Turnpike Commissioners who have not been re-appointed or who have not been re-confirmed.
- allow a Commissioner to serve for a maximum of 90 days beyond the expiration of his/her term. [Current law allows a Turnpike Commissioner to continue serving after the expiration of his/her term until such time as a successor is confirmed by the Senate.]
- limit Commissioners to no more than two terms.

Amends Section 8117 of Title 74, which currently provides authority for E-Z Pass toll collection on the Turnpike. This section is substantially rewritten to provide a means of collecting unpaid tolls. In the case of a vehicle owner who has failed to pay or defaulted in the payment of six or more toll payment violations or has incurred unpaid tolls and/or administrative fees of \$500 or more, SB 1 provides for suspension of registration.

New Section 1380 is added to Title 75 to provide for registration suspension of vehicles for toll violations in other states that have entered into enforcement agreements with PA.

**Dirt and Gravel Roads:**

Amends Section 9106 of Title 75 to provide for a \$30 million increase to the Dirt and Gravel Road Program through additional OCFT revenue, bringing total funding to \$35 million annually for maintenance and improvement of dirt and gravel roads: \$28 million for State Conservation Commission grants and \$7 million to DCNR.

**Bridge “Bundling”:**

New Chapter 93 is added to Title 74 to provide for PennDOT’s “bridge bundling” program. The purpose of the program is to bundle state owned and/or locally owned bridges for the purposes of cost-efficient design and construction.

Local governments owning bridges that are included in the program, after having been identified as candidates by PennDOT, shall be relieved of any local match requirement. If, however, a locally owned bridge is identified by PennDOT and the local government refuses its inclusion in the program, that bridge will be subject to a local match of 30% of the non-federal share at such time as it is constructed.

**Traffic Signals Maintenance Agreement:**

Chapter 92 is added to Title 74 to provide for the traffic signal agility program between PennDOT and municipalities. Specifically, it provides for agreements between PennDOT and municipalities for the upgrade and synchronization of signals in a designated traffic corridor. In return, the agreement may include requirements for the municipality to provide transportation-related services to PennDOT. In cases where PennDOT contends municipalities do not meet the requirements of such an agreement, a procedure is put in place for resolution, ultimately culminating with arbitration if necessary. If a municipality still fails to meet its requirements under an agreement, PennDOT is authorized to withhold liquid fuels funds.

**Philadelphia Airport Car Rental Fee Increase:**

Chapter 59 of Title 74 is amended to add a new Subchapter C which establishes an \$8 per day fee on motor vehicle rentals at the Philadelphia International Airport. The fee will be used to incur debt to build a multi-story parking facility for the use of the customers of the rental car companies, which will be conveniently located and have the vehicles of all the companies in one area.

The initial \$8 fee, effective immediately upon enactment, may be increased in the future upon the mutual agreement of the city and the rental car companies.

**Fish and Boat Commission OCFT Rebate:**

Amends Section 9511 of Title 75 to provide for a rebate to the PA Fish and Boat Commission from the OCFT that is paid on fuel used to power motorboats.

For the first five years, the rebate may only be used for the improvement of high-hazard dams and dredging/clearing in the area of the dam. Beginning in fiscal year 2018-19, the rebate may be used for a broader spectrum of motorboat-related amenities.

### **Enhancements to Act 44 Diversity Requirements:**

Section 303 of Title 74 is amended to add additional requirements to the diversity requirements contained in Act 44 of 2007:

- Requires contractors to document good faith efforts to solicit diverse businesses.
- Requires contractors to provide names of subcontractors certified as diverse contractors.
- Extends requirements to the PA Turnpike.
- Allows PennDOT to enforce requirements.
- Requires an annual report relating to participation by diverse contractors.
- Requires PennDOT to transmit the report to the Minority Business Development Authority for review.

### **Special License Plates:**

Amends Sections 1353, 1355 and 1358 of Title 75 to provide for inflationary increases to the additional fees paid by registrants for the Preserve our Heritage, Zoological, and DARE special vehicle registration plates. Deletes the Flagship Niagara commemorative registration plate (Section 1354), which has been discontinued.

### **Increase in Optional Donation to Organ Donor Fund:**

Amends Section 8621 of Title 20 to provide for an increased donation by applicants for driver's licenses and renewal registrations to the Governor Robert P. Casey Memorial Organ and Tissue Donation Fund. The current optional contribution is \$1. SB 1 provides for an optional contribution of \$3.

### **Effective Dates:**

- The addition of Subchapter C in Chapter 59 of Title 74 (Phila. Airport Rental Car Fee) shall take effect immediately.
- The remainder of this act shall take effect in 60 days.

### **C. CURRENT LAW:**

Title 75 is commonly referred to as the Vehicle Code. It was last re-codified by Act 81 of 1976, effective July 1, 1977. The code is designed to conform to the Uniform Vehicle Code, which is accepted nationally as a model for states to follow.

Title 74 governs public transportation in the Commonwealth, aviation in the Commonwealth, the PA Turnpike and PA Turnpike Commission.

Title 20 is the Probate, Estates, and Fiduciaries Code.

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