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Pennsylvania's New Transportation Funding Law

On Nov. 25, 2013, Governor Corbett signed into law House Bill 1060. This legislation will invest an additional \$2.3 to \$2.4 billion into transportation by the fifth year of the plan. Partial funding for the new transportation package is being derived from the elimination of the flat 12-cent gas tax and modernizing an outdated transportation financing structure through the uncapping of the wholesale, Oil Company Franchise Tax.

This unprecedented comprehensive package will bring much-needed additional investment to Pennsylvania's transportation system. The annual additional investment estimates are set forth below.

Transportation Mode	Year 1 (Jan. 1 – June 30, 2014) Est.	Year 5 Est.
State Roads and Bridges	\$188 million	\$1.3 billion
Public Transportation	\$60 million	\$497 million
Local Roads and Bridges	\$35 million	\$237 million
PA Turnpike Expansion Projects	\$13 million	\$86 million
Multi-Modal Fund	\$30 million	\$144 million
Fish and Boat Commission	\$3 million	\$9 million
County/Forestry Bridges	\$2 million	\$12 million
Dirt/Gravel/Low-Volume Roads		\$35 million
TOTAL	\$331 million	\$2.3 billion

Investing in Pennsylvania

- A \$2.3 billion dollar investment will generate a net of 62,000 jobs. 50,000 new jobs will be created, and 12,000 additional jobs will be preserved.
- Thousands of bridges and more than 10,000 roadway miles will be improved or rebuilt with new investment.
- Pennsylvania will remain economically competitive with neighboring states that have already recognized the importance of investing in infrastructure.
- Historic investment in statewide public transportation will ensure crippling service cuts are avoided and vital needs of groups that depend on these services are met.

Eliminating and Deregulating Taxes

- Eliminates the state flat gas tax (12 cents), effective Jan. 1, 2014, rolling it into the Oil Company Franchise Tax (OCFT), charged at the wholesale level.
- Removes the artificial cap on the OCFT in thirds over five years.
- Counties and municipalities receive proportionally the same investment from the OCFT change replacing the flat gas tax as they did from the 12 cent gas tax.

Local Governments

- Will provide an additional \$220 million a year in Liquid Fuels allocations statewide for locally owned roads and bridges by the fifth year – a more than 60 percent increase over current allocations to local governments.
- Up to \$40 million in grant money by state fiscal year 2016-17 will be provided to coordinate traffic signals to alleviate congestion and save fuel. PennDOT and municipalities would each contribute 50 percent of costs.
- Up to \$8 million will be made available annually for the paving of low-traffic-volume rural roads as part of a \$35 million Dirt & Gravel Roads program.
- There will be a savings of up to 100 percent of the required local match, per bridge, for municipalities that participate in PennDOT's bridge bundling program.
- Counties will have the option to assess a \$5 vehicle registration fee to generate additional revenue for their highway and bridge needs.
- Provides incentives, including local match waivers, for transit agencies to consolidate in regions if consolidation studies show potential for cost savings and efficiencies.
- These measures provide additional assistance to municipalities and counties to help ease the pressure on property taxes.

Additional Benefits

- Provides for multi-modal investment grants that, beginning in 2015, grow indexed to inflation: Aviation - \$5 million (FY 13/14) \$6 million (FY 14/15); Freight rail - \$8 million (FY 13/14) \$10 million (FY 14/15); Passenger Rail - \$6 million (FY 13/14) \$8 million (FY 14/15); Ports - \$8 million (FY 13/14) \$10 million (FY 14/15); Bicycle/Pedestrian - \$2 million (both FYs).
- Authorizes PennDOT to establish an Alternative Energy Capital Investment Program for public transportation providers to invest in equipment and facility upgrades to utilize alternative technologies such as hybrid and natural gas.
- The plan modernizes the 52-year old prevailing wage threshold for locally funded transportation projects, increasing it from \$25,000 to \$100,000.
- Under the plan, the Pennsylvania Turnpike Commission's \$450 million annual commitment mandated by Act 44 of 2007 remains through fiscal year 2021-2022 and is then reduced to \$50 million annually.
- PennDOT's Next Generation initiative to become a better business partner, modernize operations and further implement work sharing will continue to yield more than \$65 million in annual savings.
- Increases refunds to the Pa. Fish & Boat Commission for gas receipts from recreational boating.
- Increases truck weight allowances for vehicles hauling unpackaged bulk, evaporated and condensed milk up to a 95,000-pound gross weight so PA dairy farmers can remain competitive with farmers in neighboring states.
- Provides road-damage financial relief for low-volume haulers and distressed industries like timber and coal.
- Creates a pilot project to test and evaluate new models of paying for and delivering shared-ride and community transportation.
- Provides funding for 10 critical transit services (referred to as "orphan" projects because there was no established, ongoing funding sufficient to maintain them) in the Pittsburgh and Philadelphia areas that provide 30,000 riders with access to work, VA centers and shopping.

Modernizing Existing Law

- Optional two-year vehicle registration for most vehicle classes effective in three years, with registration stickers eliminated as of Dec. 31, 2016. PennDOT estimates \$1 million in annual savings from sticker elimination alone, with additional efficiencies and customer convenience being realized due to a more streamlined process.
- Adjusts the \$25 summary offense fine assessed under Title 75, Section 3111 – Failure to Obey Traffic Control Devices (no points), to \$150.
- Offers \$500 fee in lieu of three-month registration plate suspension for insurance lapse.

- The fee to register a passenger car remains \$36 until being indexed to inflation beginning in July 15. Assuming 3 percent annual inflation, that would increase to an estimated \$40 by the 2017/18 state fiscal year.
- The fee for a four-year driver's license (not including \$8.50 photo fee) remains \$21 until being indexed to inflation beginning in July 2015. Assuming 3 percent annual inflation, that would increase to an estimated \$24 by the 2017/18 state fiscal year.
- The plan also gives PennDOT authority to bond up to \$500 million. Repayment would be from the Motor License Fund and bond money may only be used for projects specifically itemized in a capital budget itemization bill.

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