Pennsylvania Counties

State Summary of Transportation Funding and Finance

## **Transportation and Financial Authority:**

• Counties have the authority to create Public-Private Partnerships (PPPs) to provide transportation infrastructure and services.

• Counties only have the authority to levy a nominal tax levy, the property tax used for general fund purposes.

• Most counties don’t own or maintain any county roads – Philadelphia and Allegheny counties have some local roads, but mostly municipal. However, all but four counties have significant responsibilities for bridges, some of which are along municipal roads.

• County commissioners may provide a share of the liquid fuels funds it receives to aid for municipal roads which serve county residents, however often doesn’t because of the counties’ own needs.

• The county has the authority operate an airport. The county may hire engineers to construct airport facilities or may enter into contracts for construction or repair of facilities.

• Counties support more than 30 fixed-route mass transit systems as well as demand-response shared ride or free ride systems throughout Pennsylvania

• Counties are required to provide a local match based on a target formula for mass transit of 15 percent on operating and capital funding from the state. Historically, many counties’ match was lower and there is now a formula adjustment that will gradually bring them up to 15 percent.

## **Funding Sources for County Transportation Projects:**

Counties Receive:

• Liquid fuels taxes from the state’s Motor License Fund – one half cent of state collected 12 cents per gallon Fuel Use Tax and two percent of 56 mills of the total 153.4 mill Oil Company Franchise Tax (OCFT) is allocated to counties.

• Act 44 (2007) allocated $5 million to counties, distributed on relative square foot deck area of county owned bridges.

• Counties can also receive funds on a project basis including supplemental funding for repair or replacement of bridges through Act 26 county bridges excise tax, grants to counties to fund up to 80 percent of the non-federal share of bridge projects through Act 234 of 1982,

• Some counties have vehicle rental and leasing fees that are dedicated to capital project costs for transit.

• Counties use their general fund revenues from their local property tax levy to supplement state and federal funds

## **Challenges in Funding and Financing Transportation Projects:**

• To increase funding to roads and bridges, counties are severely limited to their existing taxing authority which is normally property taxes. Counties don’t have authority to levy income, sales and use or realty transfer taxes to fund transportation projects.

• Counties are fighting for a half cent increase in the state’s liquid fuels tax allocation or an equivalent amount from another transportation funding source allocated to each county based on its bridge responsibility.

• State’s Oil Franchise Tax is artificially capped at an Average Wholesale Price (AWP) that was set in 1983, preventing it from growing with inflation. The actual AWP currently is more than double the ceiling, removing the artificial cap would increase allocations to all levels of government, benefitting the state the most, municipalities second and counties nominally. Counties are also working on special allocations and revisions of dedicated funds as part of this initiative.

## **Innovative Solutions to Funding and Financing Challenges**

• 2012 PennDOT modular bridge pilot program that allows for the use of pre-approved, pre-manufactured, commonly engineered components for bridge construction and maintenance

• Bridge bundling initiative which would bundle state owned and/or locally owned bridges for the purpose of cost-efficient design and construction; counties owning bridges involved in the program will be relieved of any local match requirement.

• Act 88 (2012) allows the states and municipal authorities to enter into contracts for transportation projects that transfer the rights for use or control of transportation facilities to public or private development entities

• The State of Pennsylvania intends on utilizing a portion of the $750 million it hopes to receive as part of a concession agreement involving Interstate 80 and the Pennsylvania Turnpike to fund transit services throughout the state. The plan was turned down by the federal government approved with passage of Act 44, which also established the Public Transportation Fund to provide funding for transit projects in the state.

• The State of Pennsylvania has an “Agility” program under which PennDOT enters informal agreements with counties and municipalities whereby they service small parts of others’ highway responsibilities. For example, the municipality might agree to plow a state bridge that is within the municipal road system, or the state, while paving one of its roads, may upgrade an intersecting municipal side street.

• The State of Pennsylvania has an extensive local assistance program, Local Technical Advisory Program (LTAP) that provides training, consulting assistance, product testing, and other services to counties and municipalities.

• Pennsylvania DOT has issued an invitation for companies to submit proposals  for unsolicited public-private partnerships authorized under the "Public and Private Partnerships for Transportation Act" passed last September. The PPP process may be used to contract with private firms to reduce the state's backlog of over 1000 structurally deficient bridges using "availability" payments.