

---

---

THE GENERAL ASSEMBLY OF PENNSYLVANIA

---

SENATE BILL

No. 597 Session of  
2023

---

INTRODUCED BY LAUGHLIN, FLYNN, LANGERHOLC, BOSCOLA, DUSH,  
BARTOLOTTA, HUTCHINSON, VOGEL, YAW, COMITTA, MILLER, KANE,  
KEARNEY, BREWSTER, DILLON, ROBINSON, REGAN, STEFANO AND  
ARGALL, APRIL 17, 2023

---

REFERRED TO TRANSPORTATION, APRIL 17, 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(e).

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. Sections 1513(a) (2), (d) (3) and (4), (e), (f),  
13 (g) and (h) and 1514(a), (b), (e), (e.1) and (f) of Title 74 are  
14 amended 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 (e) 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 (f) 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 § 1514. Asset improvement program.

27 (a) Eligible applicants.--

28 (1) The following may apply for financial assistance for  
29 improvement, replacement or expansion of capital projects  
30 under this section:



1 (i) A local transportation organization.  
2 (ii) An agency or instrumentality of the  
3 Commonwealth engaged in public transportation service.

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

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

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

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

26 (1) Evidence satisfactory to the department that the  
27 proposed capital project is included in the first year of the  
28 applicant's four-year capital plan, transit asset management  
29 plan's performance target and its federally approved  
30 transportation improvement program.

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

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

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

18 \* \* \*

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

25 (1) Requests for funds required to support existing  
26 local bond issues currently supported with State revenue  
27 sources, such as debt service and asset leases. The  
28 Commonwealth pledges to and agrees with any person, firm or  
29 corporation holding any bonds previously issued by, or any  
30 other debt incurred by, a local transportation organization

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

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

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

19 (i) Essential emergency asset improvement projects.

20 (ii) Standard replacement of existing assets that  
21 have exceeded their useful life.

22 (iii) Asset improvement projects to extend the  
23 useful life of the affected assets.

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

29 (e.1) Distribution procedure.--During each fiscal year,  
30 capital project, asset maintenance and other program funds shall

1 be distributed to each transit organization on a monthly basis  
2 in accordance with the formula specified in this section and  
3 used strictly in accordance with the use specified in this  
4 section. The department shall allocate financial assistance  
5 under this section on a percentage basis of available funds each  
6 fiscal year as follows:

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

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

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

30 (4) Notwithstanding paragraphs (1), (2) and (3) and

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

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

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

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

25 (8) Each month, the Treasury Department shall pay the  
26 planning, development, research, rural expansion and  
27 department-initiated programs share under this section for  
28 that month into the General Fund. The money transferred under  
29 this paragraph shall be appropriated to the department to  
30 incur costs directly or to make grants to local

1 transportation organizations under section 1513(e), for the  
2 purpose of funding planning, development, research, rural  
3 expansion and department-initiated programs.

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

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

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

30 (iii) Twenty-five percent of the monthly

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

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

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

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

30 (iii) Each Class 3 transit entity shall receive a

1 portion of the Class 3 transit entity share under this  
2 section as follows:

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

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

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



1 passenger percentage under this section by the total  
2 amount available for distribution under this clause.

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

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

21 (11) If, during any fiscal year, either the number of  
22 vehicles operated by a local transportation organization or  
23 transportation company or the area served by a local  
24 transportation organization or transportation company changes  
25 so that the local transportation organization or  
26 transportation company meets the criteria for a different  
27 transit entity class provided under section 1501, on or  
28 before July 15 of the fiscal year which follows the change  
29 and in each fiscal year thereafter, the department shall  
30 reflect any change in the transit entity class of the local

1 transportation organization or transportation company in the  
2 department certification for that year and subsequent fiscal  
3 years. The following shall apply:

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

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

29 (12) No change in classification or distribution to a  
30 Class 1, 2, 3 and 4 transit entity shall change, reduce,

1 alter or otherwise be done in a manner that would adversely  
2 impact the distribution percentages under this section and  
3 amounts that SEPTA and PAAC are entitled to under paragraphs  
4 (1) and (2).

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

13 Section 6. Section 1515(a) of Title 74 is amended and  
14 subsection (c) is amended by adding a paragraph to read:  
15 § 1515. New initiatives program.

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

23 \* \* \*

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

25 \* \* \*

26 (3) The department may develop and implement a pilot  
27 program to test and evaluate new models of paying and  
28 delivering shared ride and community transportation in  
29 collaboration with existing public transit systems and other  
30 transportation organizations and entities in this

1 Commonwealth with the goal of developing a sustainable and  
2 need-based delivery and payment of services model.

3 \* \* \*

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

6 § 1516. Programs of Statewide significance.

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

15 \* \* \*

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

20 \* \* \*

21 (d) Community transportation.--

22 \* \* \*

23 (2) Subject to the limitations of this subsection, the  
24 following may apply for financial assistance under this  
25 subsection:

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

28 (ii) A public or nonprofit or private transportation  
29 company designated by the governing body of the county as  
30 the coordinator of community transportation service.

1 (iii) An agency or instrumentality of the  
2 Commonwealth.

3 \* \* \*

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

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

7 (ii) Technology investment.

8 (iii) Training programs designed to enhance  
9 transportation management and staff expertise.

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

13 (v) Marketing activities.

14 (vi) Other stabilization purposes approved by the  
15 department.

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

23 [(5) The department shall conduct a study to evaluate  
24 the effectiveness and efficiency of community transportation  
25 service delivery as it relates to human service programs. The  
26 Department of Public Welfare, the Office of the Budget and  
27 the Department of Aging and other appropriate Commonwealth  
28 agencies identified by the department shall participate in  
29 the study. Within two years following the effective date of  
30 this section, these agencies shall make recommendations to

1 the Governor and the Majority and Minority chairpersons of  
2 the Transportation Committee of the Senate and the Majority  
3 and Minority chairpersons of the Transportation Committee of  
4 the House of Representatives for improving coordination and  
5 efficiency of human services and community transportation.]

6 \* \* \*

7 § 1518. Program oversight and administration.

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

20 Section 8. Title 74 is amended by adding a section to read:

21 § 1518.1. Small purchase procedures.

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

28 Section 9. Section 1520 of Title 74 is repealed:

29 [§ 1520. Evaluation of private investment opportunities.

30 (a) Study.--A local transportation organization receiving

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

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

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

20 Section 10. This act shall take effect in 60 days.