

Act 13 Guidance

Summary:

Act 13 of 2012 establishes a Marcellus Legacy Fund that allocates a portion of the Marcellus Shale Impact Fee to the Highway Bridge Improvement Restricted Account in the Motor License Fund. These funds are distributed to counties (proportionately based on population) and are to be used to fund the replacement or repair of locally owned (county; municipal), at-risk, deteriorated bridges.

In collaboration with the County Commissioners Association of Pennsylvania (CCAP), the Pennsylvania Department of Transportation (PennDOT) has defined an at-risk deteriorated bridge to be one that is structurally deficient including those that are posted with weight restrictions. Act 13 requires PennDOT to approve a submitted “plan” to repair at-risk deteriorated bridges. The Transportation Improvement Program (TIP) will be the official document for approval of these at-risk bridges. Each County should work with their respective Metropolitan or Rural Planning Organization (MPO/RPO) to program available Marcellus Fund dollars on the (TIP). Municipalities should work with their respective county to identify opportunities to utilize these funds. All projects should utilize the Linking Planning and NEPA process.

Additional Detail:

Each year, owners of certain wells are required to pay a fee based on the average price of natural gas during that calendar year. Once these fees have been collected, set amounts have been earmarked to be provided to various agencies and municipalities for specific purposes. Once these distributions have been made, 40% of the remaining revenue from these fees will be deposited into the Marcellus Legacy Fund. Within three months after the due date of the fee, 25% of the monies deposited into the Marcellus Legacy Fund are to be allocated to the Highway Bridge Improvement Restricted Account in the Motor License Fund. This allocation is to be distributed to counties to fund the cost of the replacement or repair of locally owned at-risk deteriorated bridges.

The distribution to the counties is to be made based on each county’s population when compared to the total population of Pennsylvania. Act 13 defines population as being the most recently released Annual Estimates of the Resident Population for Counties in Pennsylvania as compiled and released by the United State Census Bureau. However, it is also specified that each county shall receive a minimum distribution of \$40,000.00 each as long as there are available funds (see attached document for proposed distribution).

For wells in place prior to January 1, 2012 a report containing various information was required to be submitted by September 1, 2012. The annual fee was to be submitted within this report. The money to be allocated to the Marcellus Shale Legacy Fund (where the money will be deposited prior to the allocation to the Motor License Fund) is to be in the account within three months after the September 1, 2012 due date. Therefore, the funds were available for

calculation and distribution as of December 1, 2012. It is anticipated that the calculation of the distribution will be completed by December 15 and allow for a payment to the counties as close to January 1, 2013 as possible.

The next submission of the report and fee will be due on April 1, 2013. Thereafter, the report and fee will be required to be submitted by April 1 of each year. The money to be allocated to the Marcellus Shale Legacy Fund (where the money will be deposited prior to the allocation to the Motor License fund) is to be in the account within three months after the April 1 due date. Therefore, it is expected that the fund will be available for calculation and distribution by July 1. It is anticipated that the calculation of the distribution will be completed by August 16 and allow for a payment to the counties as close to September 1 as possible.

As the population in the dotGrants system is the official census count and is not updated each year based on estimates, the allocation of the distribution will need to be calculated outside of the system. In order to calculate the distribution, the latest population estimate available from the United States Census Bureau will be downloaded from their website by the Financial Consulting Division of the Bureau of Municipal Services. As the information is available to be downloaded directly into an Excel workbook, this will be the tool utilized to allocate the funds. A formula will be input to divide each county's population by the total state population and multiply that percentage by the total funds to be distributed. At this point, it will be determined whether all counties have been allocated their minimum \$40,000.00 of the available monies. If not, further work will be done to ensure that this will be followed.

As this calculation is being done outside of the system, it will need to be input into SAP as manual invoices. These invoices will authorize the release of the funds from the Highway Bridge Improvement Restricted Account to the individual counties, and should be deposited into a special account at the County (not to be comingled with County Liquid Fuels funds).