

For more information about the Liquid Fuels Tax, consult PennDOT Publication 9 by logging onto www.penndot.gov. Choose "Forms, Publications, and Maps" in the upper right box, click on the search button, and type "Publication 9" in the search field.

For clarification of your township's Liquid Fuels Fund expenditures, contact your PennDOT district representative:

DISTRICT 1: (814) 678-7142

DISTRICT 2: (814) 765-0408

DISTRICT 3: (570) 368-4239

DISTRICT 4: (570) 963-4117

DISTRICT 5: (610) 871-4151

DISTRICT 6: (610) 205-6541

DISTRICT 8: (717) 787-4839

DISTRICT 9: (814) 696-7221

DISTRICT 10: (724) 357-7986

DISTRICT 11: (412) 429-4809

DISTRICT 12: (724) 439-7270

THE DO'S AND DON'TS OF

LIQUID FUELS FUNDS

HOW TO SPEND LIQUID FUELS FUND PAYMENTS PROPERLY



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UPDATED JUNE 2017

INFORMATION IS ACCURATE AS OF REVISION DATE.

THE DO'S AND DON'TS OF LIQUID FUELS FUNDS

HOW TO SPEND LIQUID FUELS FUND PAYMENTS PROPERLY

ON MARCH 1 OF EACH YEAR, townships receive their yearly Liquid Fuels Tax Fund allocation from the state in time to start their spring and summer road maintenance and construction projects.

Townships should make sure they qualify for and spend liquid fuels funds properly or risk repaying the state for misused liquid fuels funds out of the township's general fund. The following information should help to make sure that townships spend these funds properly.

ALLOCATION FORMULA

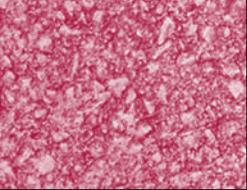
Liquid Fuels Fund allocations come from the state's oil franchise tax.

- **Act 89 of 2013 is phasing in increases to this user fee through 2018.**

Liquid Fuels Fund payments to individual townships are distributed based on the following formula:

- **50 percent on mileage, and**
- **50 percent on population using the latest decennial census figures.**





RECEIVING YOUR ALLOCATION

To be eligible to receive the annual liquid fuels allocation by March 1, a township must:

- Submit all required annual reports to PennDOT, including MS-965, MS-965-P, and MS-965-S by January 31;
- Make deposits and payments in accordance with the Liquid Fuels Tax Act (*Act 655*) and its regulations;
- File the Department of Community and Economic Development's Report of Elected and Appointed Officials by January 31 and the Survey of Financial Condition by early February; and
- Resolve any Contract Responsibility Program holds and blocks imposed by the Department of Revenue or the Department of Labor and Industry.
- Resolve any reimbursements required by the auditor general or PennDOT's financial consultants due to audit findings or monitoring reviews.

On form MS-965, townships must provide the following information by January 31:

- detailed reporting of how liquid fuels funds were spent during the preceding year;
- documentation that major equipment purchases did not exceed 20 percent of the annual allocation and verification of any unused equipment carryover;
- expenditures that the township has planned for the current year, including tax levies for roads and general municipal purposes;
- certification of bonding for the township's secretary-treasurer; and
- detailed miscellaneous receipts for such items as the sale of equipment and reimbursement of funds.

QUALIFYING NEW ROADS

Townships can increase the liquid fuels funds they receive from PennDOT when township road mileage increases, but the roadway additions must meet several eligibility requirements before they can be included in the program.

To qualify new road mileage for additional Liquid Fuels Fund credit, townships must notify their PennDOT district office of the increase annually. PennDOT staff will review the request, verify that the road addition qualifies for liquid fuels funding, and complete the appropriate PennDOT Forms.

PennDOT uses the following criteria to qualify a road for funding. The road:

- must have the capacity to be traveled safely at 15 mph;
- must have a minimum 33-foot right of way and a 16-foot cartway width. (*The cartway is the traveled portion of the roadway, not including the shoulder.*);
- must be accessible from an existing public street or roadway; and
- must have a minimum length of 250 feet and a cul-de-sac radius of at least 40 feet if a dead-end road.

Before road mileage may be added to the liquid fuels system, townships must submit the following documents to PennDOT:

- 1) A copy of the ordinance or resolution approved by the board of supervisors to adopt the road as a public road. A deed of dedication must be on file with the township.
- 2) A copy of the plot plan showing the road location.
- 3) Proof that the ordinance or resolution has been recorded in the county courthouse with the clerk of courts or appropriate county office that shows the court seal, page, and document number where recorded.

EXPENDITURES

PERMITTED:

Townships may use their liquid fuels funds for any of the following:

- Maintenance, repair, construction, or reconstruction of public roads, streets, alleys, courts, and ways, including bridges, culverts, and drainage structures, for which townships are legally responsible.
- Maintenance, repair, or construction of curb ramps or curb cuts to provide access to individuals with disabilities.
- Road materials for the maintenance, repair, construction, or reconstruction of public roads, streets, alleys, courts, and ways that are approved by PennDOT and are in accordance with PennDOT Publications 408 and 447. This includes new products for low-volume roads with prior PennDOT approval.
- Guiderail and pipe in accordance with PennDOT specifications.
- Purchase of surplus equipment from municipal, state, and federal governments.
- Purchase of materials and equipment from state contracts, councils of governments, or other purchasing consortia.
- Advertising costs to comply with bidding requirements for liquid fuels projects, materials, and equipment purchases.
- Legal and engineering fees required for road and bridge projects and traffic and engineering studies in accordance with PennDOT Publication 212. (*NOTE: Engineering fees exceeding 10 percent of the total project cost must be documented and justified to PennDOT.*)
- Acquisition, maintenance, repairs, and operation of traffic signs, street signs, traffic signals and control systems, and lane and crosswalk paintings and markings.
- Electricity for traffic signals and streetlights. (*NOTE: If the municipality levies a tax for street lighting, liquid fuels funds can only be used to cover costs exceeding this revenue.*)
- Debris removal from the roadway and its gutters and shoulders and brush removal to improve sight distance.
- Salary and benefit costs for road crews or employees performing work on municipal roads, which MUST be documented with daily time records (*MS-907 or its equivalent*).
- Purchase of salt and anti-skid materials for winter maintenance. This includes salt brine and the equipment to produce it.
- Construction of salt storage buildings, not including plumbing, heating, or electricity. This includes multimunicipal salt storage sheds.
- Bank loans and bond issues exclusively for highway and bridge purposes, including payment of interest and sinking fund charges.

- Computer hardware, software, and related training, up to \$1,000 per year.
- The purchase, repair, and maintenance of major equipment, such as road machinery, that requires price quotes or bids according to the Second Class Township Code. No more than 20 percent of a township's total annual liquid fuels tax allocation may be used for the purchase of road equipment. This 20 percent may be held over for future equipment purchases but must be reported as part of the maintenance fund balance on the Actual Use Report of State Funds (MS-965).
- Minor equipment that does not require price quotes or bids, equipment rentals, and repair parts for road maintenance equipment.

PROHIBITED:

Townships may **NOT** use their liquid fuels funds for any of the following:

- Purchases made in violation of the Second Class Township Code.
- Private roads or driveways or any roads, alleys, courts, or ways that are not on the township's approved inventory.
- Purchase of rights of way.
- Construction projects done without prior PennDOT district office approval.
- Construction, maintenance, or repair of a municipal or maintenance building or police or fire department.
- Sanitary sewers, water lines, utilities, parks, or playgrounds.
- Undocumented fuel usage or gasoline used in vehicles of other departments.
- Heating oil and other building utilities.
- Payrolls that are undocumented or do not clearly identify the nature and location of work.
- Meeting pay.
- Apparel (*uniforms*) except when required by an employment agreement.
- Administrative expenses, such as office supplies, furniture, and telephones.
- Retroactive expenditures or repayment of other funds for prior-period expenditures.
- Purchase of automobiles and repairs to non-road maintenance equipment and vehicles.

This list, which is only a guideline, is not meant to be all-inclusive. PennDOT Publication No. 9, "Policies and Procedures for the Administration of the Liquid Fuels Tax Act 655," provides more information on spending liquid fuels funds properly. Please contact your PennDOT district office with any questions.