
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 7:** (717) 787-4839  
**DISTRICT 8:** (814) 696-7221  
**DISTRICT 9:** (724) 357-7986  
**DISTRICT 10:** (412) 429-4809  
**DISTRICT 11:** (724) 439-7270

**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.

To qualify for 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 shoulders.);
- 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 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.
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 road seal, page, and document number where recorded.

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.

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EXPENDITURES

PERMITTED:

- 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 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.
  - Purchases of right 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 telephone.
  - 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.