

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1006 Session of
2007

INTRODUCED BY DENLINGER, BENNINGHOFF, CALTAGIRONE, CLYMER, COX,
CREIGHTON, CUTLER, GABIG, GEIST, GINGRICH, HERSHEY,
HUTCHINSON, KAUFFMAN, MARSICO, METCALFE, PYLE, RAPP, ROAE,
ROHRER, SONNEY, R. STEVENSON, SWANGER AND TURZAI,
APRIL 3, 2007

REFERRED TO COMMITTEE ON APPROPRIATIONS, APRIL 3, 2007

AN ACT

1 Amending the act of April 9, 1929 (P.L.177, No.175), entitled
2 "An act providing for and reorganizing the conduct of the
3 executive and administrative work of the Commonwealth by the
4 Executive Department thereof and the administrative
5 departments, boards, commissions, and officers thereof,
6 including the boards of trustees of State Normal Schools, or
7 Teachers Colleges; abolishing, creating, reorganizing or
8 authorizing the reorganization of certain administrative
9 departments, boards, and commissions; defining the powers and
10 duties of the Governor and other executive and administrative
11 officers, and of the several administrative departments,
12 boards, commissions, and officers; fixing the salaries of the
13 Governor, Lieutenant Governor, and certain other executive
14 and administrative officers; providing for the appointment of
15 certain administrative officers, and of all deputies and
16 other assistants and employees in certain departments, boards,
17 and commissions; and prescribing the manner in which the
18 number and compensation of the deputies and all other
19 assistants and employees of certain departments, boards and
20 commissions shall be determined," providing for at least a 2%
21 reduction in State spending for the 2007-2008 budget and for
22 a reduction in the rate of the personal income tax levied on
23 Pennsylvania S corporations.

24 The General Assembly of the Commonwealth of Pennsylvania
25 hereby enacts as follows:

26 Section 1. Section 610 of the act of April 9, 1929 (P.L.177,
27 No.175), known as The Administrative Code of 1929, added

1 September 27, 1978 (P.L.775, No.149), is amended to read:

2 Section 610. Preparation of Budget.--(a) The Secretary of
3 the Budget shall, in each year obtain and prepare financial and
4 program information necessary for the preparation of a State
5 budget for the budget year beginning July 1 and for the
6 preparation of financial and program projections for the budget
7 year and for four succeeding years. He shall, not later than
8 August 15 of such year distribute to the Governor, to the
9 Lieutenant Governor, to the Auditor General, to the State
10 Treasurer, to the Attorney General, to each administrative
11 department, to each independent administrative board and
12 commission, to the Chief Clerk of the Senate, to the Chief Clerk
13 of the House of Representatives, to the State court
14 administrator, and to all institutions or other agencies which
15 desire State appropriations to be made to them, the proper
16 instructions and blanks necessary to the preparation of the
17 budget requests with a notice that such blanks shall be returned
18 with the information desired, not later than November 1 of the
19 same year. Such blanks shall be in such form as shall be
20 prescribed by the secretary, to procure any or all information
21 pertaining to the purposes of all programs to be funded in the
22 budget, the revenues, expenditures, program activities and
23 accomplishments for the preceding fiscal year, for the current
24 fiscal year, and for the budget year and for four succeeding
25 years, the appropriations made for the preceding fiscal year,
26 the expenditures therefrom, encumbrances thereon, the amount
27 unencumbered and unexpended, an itemized estimate of the
28 revenues and expenditures of the current fiscal year, for the
29 budget year and succeeding years, and an estimate of the revenue
30 amounts needed and program activity and accomplishment levels

1 for the respective departments, boards, commissions, for
2 expenses of the General Assembly, for the Judicial Department,
3 and for any and all institutions, or other agencies to which
4 appropriations are likely to be made by the General Assembly for
5 the budget year and ensuing years. Such blanks shall also
6 require the person returning them to accompany them with a
7 statement in writing, giving the purposes of each program to be
8 funded, the expected levels of activity of the programs, the
9 expected levels of accomplishments and the measures to be used
10 to determine to what extent the programs have achieved the
11 stated purposes. In addition such blanks shall require the
12 person returning them to accompany them with a statement in
13 writing giving the facts, and an explanation of the methods and
14 reasons for arriving at the estimates of receipts and
15 expenditures for the budget year and for four succeeding years.
16 For the budget year 2007-2008, in accordance with section 626,
17 the blanks shall require the person returning them to include
18 estimates of receipts and expenditures for the budget year that
19 are no greater than ninety-eight per centum (98%) of the
20 receipts and expenditures that were appropriated in budget year
21 2006-2007. It shall be the duty of each administrative
22 department, and each independent administrative board and
23 commission to comply, not later than November 1, with any and
24 all requests made by the Secretary of the Budget in connection
25 with the budget.

26 (b) The Secretary of the Budget may, under the direction of
27 the Governor, make further inquiries and investigations as to
28 the financial needs, expenditures, estimates of levels of
29 program activities and accomplishments, or revenues, of any
30 department, board, commission, authority, political subdivision,

1 institution or other agency receiving money from the State
2 Treasury. The Governor may, after giving to each department,
3 board or commission an opportunity to be heard, approve,
4 disapprove or alter the budget requests. The Secretary of the
5 Budget shall, on or before January 1 next succeeding, submit to
6 the Governor, in writing, the above information, and any
7 additional requested by the Governor, as the basis for the
8 Governor's requests for appropriations for the next succeeding
9 year.

10 Section 2. Section 613 of the act is amended by adding a
11 clause to read:

12 Section 613. Submission of Budget to General Assembly.--As
13 soon as possible after the organization of the General Assembly,
14 but not later than the first full week in February of each year,
15 except in the case where a Governor has been elected for his
16 first term of office and then no later than the first full week
17 in March, the Governor shall submit to the General Assembly
18 copies of original agency budget requests and all subsequent
19 revised agency budget requests and a State budget and program
20 and financial plan embracing:

21 * * *

22 (5) For budget year 2007-2008, in accordance with section
23 626, a balanced operating budget no greater than ninety-eight
24 per centum (98%) of the total balanced operating budget for
25 budget year 2006-2007.

26 Section 3. The act is amended by adding a section to read:

27 Section 626. State Spending Reduction.--(a) For budget year
28 2007-2008, the final enacted budget shall be no greater than
29 ninety-eight per centum (98%) of the final enacted budget in
30 budget year 2006-2007. The blanks necessary to the preparation

1 of the budget requests submitted by the Governor, the Lieutenant
2 Governor, the Auditor General, the State Treasurer, the Attorney
3 General, each administrative department, each administrative
4 board and commission, the Chief Clerk of the Senate, the Chief
5 Clerk of the House of Representatives, the State court
6 administrator and all institutions or other agencies which
7 desire State appropriations to be made to them shall include and
8 clearly indicate a request for State appropriations no greater
9 than ninety-eight per centum (98%) of the State appropriation
10 granted in budget year 2006-2007.

11 (b) The final enacted budget appropriation to the Governor,
12 the Lieutenant Governor, the Auditor General, the State
13 Treasurer, the Attorney General, each administrative department,
14 each administrative board and commission, the Chief Clerk of the
15 Senate, the Chief Clerk of the House of Representatives, the
16 State court administrator and all institutions or other agencies
17 which desire State appropriations to be made to them shall not
18 exceed ninety-eight per centum (98%) of the State appropriation
19 granted in budget year 2006-2007.

20 (c) Notwithstanding any other act, the Department of Revenue
21 shall reduce the rate of the personal income tax for fiscal year
22 2007-2008 as it levied on Pennsylvania S corporations under
23 Article III, Part IV-A of the act of March 4, 1971 (P.L.6,
24 No.2), known as the "Tax Reform Code of 1971." The reduction in
25 the rate of the personal income tax levied on Pennsylvania S
26 corporations shall be sufficient to reduce collections of the
27 personal income tax levied on Pennsylvania S corporations by at
28 least three hundred seventeen million dollars (\$317,000,000).

29 (d) This section shall apply to budget year 2007-2008.

30 (e) This section shall expire June 30, 2008.

1 Section 4. This act shall take effect in 60 days.