



HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

HOUSE BILL: 1055

PRINTER'S NO: 2346

PRIME SPONSOR: M. O'Brien

FISCAL IMPACT SUMMARY	FY 2009/10	FY 2010/11
Expenditure Increase/(Decrease):		
General Fund	minimal	minimal
Motor License Fund	minimal	minimal
Restricted Account for Sewage Facilities	minimal	minimal
Dams and Encroachment Fund	minimal	minimal
Surface Mining Conservation & Reclamation Fund	minimal	minimal
City of Philadelphia Funds	minimal	minimal
City of Pittsburgh Funds	see analysis	see analysis
Other cities, counties, townships, boroughs, town ¹	\$0	\$0
Revenue Increase/(Decrease):		
General Fund	indeterminate	indeterminate
Motor License Fund	indeterminate	indeterminate
Dams and Encroachment Fund	indeterminate	indeterminate
Surface Mining Conservation & Reclamation Fund	indeterminate	indeterminate
Restricted Account for Sewage Facilities	indeterminate	indeterminate
City of Philadelphia Funds	indeterminate	indeterminate
City of Pittsburgh Funds	indeterminate	indeterminate
Other cities, counties, townships, boroughs, town ¹	\$0	\$0

¹Other than the cities of Philadelphia and Pittsburgh, this bill is optional for local governments.

OVERVIEW:

This bill extends certain permits and approvals that expire after June 1, 2009 and before January 1, 2013, for real property development upon written request of the holder of the permit or approval and payment of a fee to the issuing authority that may in the discretion of the issuing authority be not more than fifty percent of the original fee up to \$7,500.

Specifically, the permits for the following state statutes are impacted:

- (1) the act of June 1, 1945 (P.L.1242, No.428), known as the State Highway Law, which is administered by the Department of Transportation (PennDOT) and funded by the Motor License Fund;
- (2) the act of November 26, 1978 (P.L.1375, No.325), known as the Dam Safety and Encroachments Act, specifically, any permit issued under 25 Pa. Code § 105.99 (relating to dams in subdivision developments), which is administered by the Department of Environmental Protection (DEP) and funded by the Dams and Encroachment Fund;

(3) section 5 of the act of June 22, 1937 (P.L.1987, No. 394), known as The Clean Streams Law, which is administered by the DEP and funded by the Surface Mining Conservation and Reclamation Fund;

(4) the act of January 24, 1966 (1965 P.L.1535, No. 537), known as the Pennsylvania Sewage Facilities Act, which is administered by the DEP and funded by a restricted non-lapsing account administered by the department; and

(5) the act of October 4, 1978 (P.L.864, No.167), known as the Storm Water Management Act, which is administered by the DEP and funded by the General Fund.

In addition, upon application of an entity having an approval or permit, the cities of Philadelphia and Pittsburgh are mandated to extend approvals and permits for the following:

- (1) construction or erection of a structure;
- (2) construction of an addition to a structure;
- (3) altering, modifying, repairing or improving a structure;
- (4) demolishing, moving or removing a structure;
- (5) installing any trailer, regardless of the method of support;
- (6) clearing, grubbing or disturbing the earth of any land in excess of 5,000 square feet;
- (7) making a change of occupancy or any new use commenced on any land or in any structure.

All other municipalities, including counties, may opt into the provisions of this proposed Act. The bill does not define the term "municipality." According to §1991 of the Statutory Construction Act (Title 1, Pa.C.S.), the term municipality includes "a county, city, borough, incorporated town or township." There are 67 counties, 56 cities, 958 boroughs, 92 first class townships, 1,455 second class townships, and 1 town in Pennsylvania.

In addition, the bill extends a building permit issued or the time period to obtain a building permit to January 1, 2011 or one year from the effective date pursuant to the Act of February 22, 2008 (P.L.36, No.4), entitled "An Act authorizing the Department of General Services, with the concurrence of the Department of Environmental Protection, to lease to VTE Philadelphia, LP, or its nominee, land within the bed of the Delaware River in the City of Philadelphia; and affirming the authority of the General Assembly to enact certain conveyances."

The bill clarifies that these extensions do not apply to any permit or approval that potentially impacts any other real property which is designated as high quality or exceptional value watersheds or wetlands. Also, the issuing authority of a permit or approval retains the authority to suspend or revoke any permit or approval for non-compliance and, where granted by statute, enforce conditions of permits and approvals.

The effective date is immediate.

ANALYSIS:

According to PennDOT, which oversees the State Highway Law, the fiscal impact of this bill upon the department will likely be minimal. Likewise, the Department of Environmental Protection, which oversees the remaining affected state statutes, believes the impact upon its operations will be minimal. Neither department expects any significant administrative expenses to process applications to extend permits, and neither expects any significant revenue from the new fees. It is not possible to determine the exact revenue impact because there is no historic data on any similar legislation, and it is not possible to predict the number of entities who would take advantage of the provisions of this bill. In addition, increased fee revenue may be offset by new fees the departments might have received. Also, the statute allows discretion in determining the amount of the fees up to 50% of the original fee but no more than \$7,500, and it is not possible to predict the exact fee amounts that would be chosen.

According to the City of Philadelphia, the fiscal impact of this bill, including the extension of permits or the time period to obtain a permit pursuant to Act 4 of 2008, will be minimal. The city anticipates that the additional cost required to consider applications to be extended will be minimal, and that the City would be able to implement with current resources. Also, the City does not anticipate that this bill will generate any significant revenue. As with the state statutes described above, it is not possible to predict the number of entities who would take advantage of the provisions of this bill, and the increased fee revenue may be offset by new fees the departments might have received. Also, the statute allows discretion in determining the amount of the fees up to 50% of the original fee but no more than \$7,500, and it is not possible to predict the exact fee amounts that would be chosen.

Likewise, the City of Pittsburgh does not foresee any significant expenditures or revenues due to this bill. The City did raise a concern, however, over the potential delay of its program to remove abandoned and blighted buildings and the potential for costs for city services if those properties remain longer. Again, it is not possible to determine the impact on revenues.

Because this bill is optional for municipalities and counties, other than Philadelphia or Pittsburgh, it will have no fiscal impact on their funds unless they choose to participate. If a county or municipality does choose to participate, the cost would vary depending on the circumstances and decisions made by the municipality or county, subject to the limitations outlined above, on what fee amount to apply.

The following sources were consulted in preparation of this fiscal note: the Department of Environmental Protection, the Department of Transportation, the City of Philadelphia, and the City of Pittsburgh.

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House Appropriations Committee, (D)

DATE: July 7, 2009

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*