



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2355

PRINTERS NO. 3897

PRIME SPONSOR: Adolph

CATEGORY	FY 2013-2014	FY 2014-2015	INC/(DEC)
Public Improvement Projects— Buildings & Structures	\$695,000,000	\$725,000,000	\$30,000,000
Public Improvement Projects— Furniture & Equipment	\$10,000,000	\$50,000,000	\$40,000,000
Transportation Assistance	\$180,000,000	\$175,000,000	(\$5,000,000)
Redevelopment Assistance	\$340,000,000	\$335,000,000	(\$5,000,000)
Flood Control Projects	\$10,000,000	\$10,000,000	\$0
Bridge Projects	\$40,000,000	\$0	(\$40,000,000)
TOTAL	\$1,275,000,000	\$1,295,000,000	\$20,000,000

SUMMARY: House Bill 2355, printer's number 3897, provides for the Capital Budget Act of 2014-15; itemizes Redevelopment Assistance Capital Projects and authorizes incurring of debt without the approval of the electors for the purpose of financing the projects to be constructed, acquired or assisted; and making appropriations. This legislation would take effect July 1, 2014, or immediately, whichever is later.

ANALYSIS: The bill specifies the maximum principal amount of debt to be incurred during the 2014-15 fiscal year for capital projects itemized in a capital projects itemization bill.

The Senate amended the original bill, printer's number 3770, to increase the bond authorization for Public Improvement Projects - Buildings & Structures by \$30,000,000 to \$725,000,000 million, for a total 2014-15 Capital Debt authorization of \$1,295,000,000. The Senate also added a project itemization and related appropriation to the bill by itemizing a Redevelopment Assistance Capital Project. The Redevelopment Assistance Capital Project added was a \$20,000,000 project in Allegheny County for construction, infrastructure improvements and other related costs for an industrial facility in Braddock and related Mon Valley operations. Language is added to provide that all funds received from the Federal government for the project are hereby appropriated for the project. The specified maximum term of the debt authorized for the project is 30 years.

FISCAL IMPACT: In addition to the amortization of the principal amount of bonds, the Commonwealth will incur the additional cost for the interest on the bonds that are sold. While the exact costs cannot be determined since costs will be dependent upon the timing of bond sales and interest rate(s) set at the time of the sale, estimated debt service on each \$100,000,000 of bonds sold would be \$137,558,000 assuming level annual debt service and an interest rate of 3.25%. Estimated annual debt service assuming the same interest rate and level annual debt service would be \$6,878,000 for twenty years. If the full authorization of \$1,295,000,000 were sold at an interest rate of 3.25%, total estimated debt service would be \$1,781,373,000 or \$89,069,000 each year for twenty years.

This legislation itemizes capital projects in the aggregate amount of \$20,000,000. The entire amount is to be financed by the incurring of debt. Debt service for the bond-funded projects would be paid from the General Fund in the form of annual appropriations to the Treasury for general obligation debt service.

PREPARED BY: Lisa M. Taglang
House Appropriations Committee (R)

DATE: July 1, 2014

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.