



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 735

PRINTER'S NO. 2210

PRIME SPONSOR: Warren

COST / (SAVINGS)

FUND	FY 2023/24	FY 2024/25
General Fund	See Fiscal Impact	See Fiscal Impact
Budget Stabilization Reserve Fund	\$486,700,000	See Fiscal Impact
Judicial Department Operations Augmentations Account	See Fiscal Impact	\$53,400,000

SUMMARY:

House Bill 735, Printer's Number 2210, amends Act 175 of 1929 (Administrative Code of 1929) to add the definition of "Surplus," reauthorize the collection of child support enforcement fees and judicial fees, and establish the Flood Insurance Premium Assistance Task Force.

ANALYSIS:

Determination of a Surplus

The legislation adds a definition for "surplus" to the Administrative Code of 1929, which is defined as a fiscal operating result which occurs in a fund at the end of a fiscal year, whereby expenditures, including tax refunds, are less than the fund's beginning balance, revenues and receipts, and lapses during the same period. This definition applies to the determination of a surplus under the Administrative Code of 1929 and Act 176 of 1929 (The Fiscal Code), Article XVII-A (Special Funds), Subarticle A (Budget Stabilization Reserve Fund).

The addition of this definition takes effect immediately.

Fiscal Impact: The addition of this definition would increase the statutory transfer to be made from the General Fund to the Budget Stabilization Reserve Fund for the budgetary surplus resulting from the 2022/23 fiscal year as mandated by the Fiscal Code. Application of this definition would result in a 2022/23 General Fund surplus of \$8.98 billion. Based on the current fund balance in the Budget Stabilization Reserve Fund, the statutory transfer would be 10 percent of this budget surplus, totaling \$898.3 million.

In September 2023, \$411.6 million was transferred to the Budget Stabilization Reserve Fund. Therefore, application of this definition for surplus would require an additional transfer of \$486.7 million to be made from the General Fund to the Budget Stabilization Reserve Fund to match the aforementioned total transfer.

Transfer amounts in subsequent fiscal years would depend on the budget surplus for the fiscal year, pursuant to this definition of "surplus," and the fund balance in the Budget Stabilization Reserve Fund, which determines the percentage of the surplus to be transferred.

Flood Insurance Premium Assistance Task Force

This legislation amends the Administrative Code of 1929 by adding Article XV-C to establish the Flood Insurance Premium Assistance Task Force and provide for membership on the Task Force. Members of the Task Force may not receive compensation but shall be reimbursed for reasonable and necessary expenses.

Multiple departments are charged with assisting the Task Force, including the Department of Community and

Economic Development, the Department of Conservation and Natural Resources, the Department of Environmental Protection, and the Pennsylvania Insurance Department.

The Task Force is empowered to hold public hearings and conduct a review and analysis of laws, procedures, practices, and rules on the issue. Additionally, the task force will produce a report within six months. The Task Force will expire 30 days after completing the final report.

This Article will take effect in 60 days.

Fiscal Impact: Costs of this legislation are expected to be minimal. The participation of multiple departments should help ensure adequate technical expertise and administrative support is available to the task force drawn from existing agency resources.

While members appointed to the task force are eligible to be reimbursed for their expenses, the short six-month duration of the task force and the availability of remote participation will help to keep costs down. On the high end, assuming four meetings, travel by all members of the commission to each meeting and reimbursements for mileage, overnight lodging and subsistence, costs for reimbursement would not exceed \$12,000. Any such expenses can be absorbed within the collective operational budgets of the agencies assisting the task force.

Child Support Enforcement Fees

This legislation reauthorizes the Department of Human Services to impose a fee of \$35 for each child support case for individuals that have never received assistance under the Temporary Assistance for Needy Families program and from whom the commonwealth has collected at least \$550 of support in the Federal fiscal year, which sunset on July 15, 2023.

The reauthorization of the child support enforcement fees will take effect immediately.

Fiscal Impact: The continued collection of the fees, reauthorized in this legislation, were already considered in the enacted budget, so there is no fiscal impact to the commonwealth.

Judicial Surcharge, Fees, and Transfer

The legislation reauthorizes the \$10 and \$11.25 judicial surcharges used for the operation of the judicial department and expands the \$11.25 fee to include summary traffic citations. These fees are imposed on most initial court filings, recorder of deeds transfers, mortgages or property transfers, criminal convictions, and summary traffic citations. These fees expired on July 31, 2023, and will sunset again on July 31, 2025.

The legislation also suspends the \$15 million transfer from the Judicial Computer System Augmentation Account to the School Safety and Security Fund for 2023/24.

The reauthorization of fees and the suspension of the transfer will take effect immediately.

Fiscal Impact: According to estimates from the Administrative Office of Pennsylvania Courts, reauthorization of the \$10 and \$11.25 judicial surcharges, excluding the expansion to traffic citations, will provide approximately \$3.7 million per month, or \$44.4 million annually to the Judicial Department Operations Augmentations Account. The expansion of the \$11.25 surcharge to traffic citations will take approximately 2 months to implement. Once implemented, this surcharge will increase revenue by approximately \$750,000 per month.

PREPARED BY: Mara Perez
Brittany Van Strien
Bradley Keen
House Appropriations Committee (D)

DATE: October 30, 2023

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