



## HOUSE COMMITTEE ON APPROPRIATIONS

# FISCAL NOTE

HOUSE BILL NO. 1316

PRINTER'S NO. 1563

PRIME SPONSOR: Innamorato

### COST / (SAVINGS)

FUND	FY 2022/23	FY 2023/24
Pennsylvania Housing Affordability and Rehabilitation Enhancement Fund (PHARE)	\$0	\$20,000,000

#### SUMMARY:

This bill would gradually increase the annual transfer cap to the House Affordability and Rehabilitation Enhancement Fund (PHARE).

#### ANALYSIS:

This bill amends the Tax Reform Code of 1971 to gradually increase the transfer caps from Realty Transfer Tax revenue to PHARE beginning in 2023/24. The increases would be as follows:

- For fiscal years beginning July 1, 2023, the transfer to PHARE may not exceed \$80 million;
- For fiscal years beginning July 1, 2024, the transfer to PHARE may not exceed \$90 million; and
- For fiscal years beginning July 1, 2025, and each fiscal year thereafter, the transfer to PHARE may not exceed \$100 million.

The increase in the transfer caps does not change the tax rate imposed for the Realty Transfer Tax.

This legislation would take effect 60 days upon enactment.

#### FISCAL IMPACT:

Under current law, the State Treasurer is required to transfer a portion of Realty Transfer Tax revenues from the General Fund to PHARE equal to 40 percent of the difference between 1) the total amount of Realty Transfer Tax imposed and collected during the prior fiscal year and 2) the total dollar amount of Realty Transfer Tax collections estimated for the 2014/15 fiscal year as contained in the final estimate signed by the Governor for that fiscal year as required by law. There is a \$60 million cap on this transfer that would apply to the fiscal year beginning July 1, 2023, and each fiscal year thereafter.

Enactment of this legislation would increase this cap to \$80 million for the fiscal year beginning July 1, 2023, representing a \$20 million increase to the maximum transfer to PHARE in 2023/24.

The legislation would provide for additional increases to the transfer cap for a maximum transfer of \$90 million in 2024/25 and a maximum \$100 million beginning in 2025/26 and thereafter. To the extent that Realty Transfer Tax collections trigger the cap pursuant to the statutory PHARE transfer formula, this legislation would result in an additional \$30 million transferred in 2024/25 and an additional \$40 million transferred in 2025/26, and future fiscal years, relative to current law.

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**DATE:** June 27, 2023

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