

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 586 Session of
1993

INTRODUCED BY EVANS, DeWEESE, LINTON, COY, KUKOVICH, FARGO,
LUCYK, CAPPABIANCA, SCRIMENTI, HANNA, STISH, McCALL, TRELLO,
MUNDY, LAUGHLIN, BUSH, CORRIGAN, FREEMAN, STURLA, ROBINSON,
STETLER, ARGALL, BATTISTO, SAURMAN, LaGROTTA, TIGUE,
D. W. SNYDER, CARONE, SURRA, PISTELLA, JAMES, VEON, THOMAS,
TRICH, CESSAR, GORDNER, ROONEY, JOSEPHS, STEELMAN AND
GERLACH, MARCH 15, 1993

REFERRED TO COMMITTEE ON APPROPRIATIONS, MARCH 15, 1993

AN ACT

1 Amending the act of July 1, 1985 (P.L.120, No.32), entitled "An
2 act creating a special fund in the Treasury Department for
3 use in attracting major industry into this Commonwealth;
4 establishing a procedure for the appropriation and use of
5 moneys in the fund; establishing the Tax Stabilization
6 Reserve Fund; and providing for expenditures from such
7 account," further providing for the funding of the Tax
8 Stabilization Reserve Fund.

9 The General Assembly of the Commonwealth of Pennsylvania
10 hereby enacts as follows:

11 Section 1. Section 204 of the act of July 1, 1985 (P.L.120,
12 No.32), entitled "An act creating a special fund in the Treasury
13 Department for use in attracting major industry into this
14 Commonwealth; establishing a procedure for the appropriation and
15 use of moneys in the fund; establishing the Tax Stabilization
16 Reserve Fund; and providing for expenditures from such account,"
17 is amended to read:

18 Section 204. Funding.

1 [(a) Appropriated funds.--The General Assembly may at any
2 time provide additional amounts from any funds available to this
3 Commonwealth as an appropriation to the Tax Stabilization
4 Reserve Fund.

5 (b) Intent.--It is hereby declared as the intent and goal of
6 the General Assembly to create a stabilization reserve in an
7 eventual amount not to exceed 3% of the estimated revenues of
8 the General Fund of the Commonwealth.] (a) Determination of
9 annual appropriation.--In addition to any appropriation made by
10 the General Assembly to the fund pursuant to subsection (i), the
11 amount of any annual appropriation to the fund shall be
12 determined pursuant to the formula set forth in subsections (b)
13 through (h).

14 (b) Calculation of budgeted year adjusted personal income.--
15 Adjusted personal income for the budgeted fiscal year shall be
16 calculated for this Commonwealth in the following manner:

17 (1) Calculate the average implicit price deflator for
18 the gross national product for the State budgeted fiscal
19 year, by totaling the most recently available implicit price
20 deflator for the gross national product for each quarter of
21 the State budgeted fiscal year and dividing that total by
22 four.

23 (2) Calculate the remainder of the sum of the most
24 recently available total State personal income for the State
25 budgeted fiscal year minus the sum of the most recently
26 available transfer payments made in this Commonwealth for the
27 State budgeted fiscal year.

28 (3) Calculate the quotient of the result of paragraph
29 (2) divided by the result of paragraph (1).

30 (4) Calculate the product of 100 multiplied by the

result of paragraph (3). This product is the adjusted
personal income for the budgeted fiscal year.

(c) Calculation of current year adjusted personal income.--
Adjusted personal income for the current fiscal year shall be
calculated for this Commonwealth in the following manner:

(1) Calculate the average implicit price deflator for
the gross national product for the current State fiscal year,
by totaling the most recently available implicit price
deflator for the gross national product for each quarter of
the current State fiscal year and dividing that total by
four.

(2) Calculate the remainder of the sum of the most
recently available total State personal income for the
current State fiscal year minus the sum of the most recently
available transfer payments made in this Commonwealth for the
current State fiscal year.

(3) Calculate the quotient of the result of paragraph
(2) divided by the result of paragraph (1).

(4) Calculate the product of 100 multiplied by the
result of paragraph (3). This product is the adjusted
personal income for the current fiscal year.

(d) Calculation of annual growth rate.--The annual growth
rate in adjusted personal income for the budgeted fiscal year
shall be calculated in the following manner:

(1) Calculate the remainder of the adjusted personal
income for the budgeted fiscal year minus the adjusted
personal income for the current fiscal year.

(2) Calculate the quotient of the result of paragraph
(1) divided by the adjusted personal income for the current
fiscal year. This quotient is the change in the annual growth

rate and shall be expressed as a percentage and shall be rounded to the nearest 0.1%.

(e) Base year adjustments.--If the Bureau of Economic Analysis of the United States Department of Commerce, or its successor agency, changes the base year on which it calculates the implicit price deflator for the gross national product, the implicit price deflator for the gross national product used in making the calculations in subsections (a) and (b) shall be adjusted to compensate for that change in the base year.

(f) Increase in annual growth rate.--If the annual growth rate in adjusted personal income for the budgeted fiscal year exceeds 2%, there shall be appropriated to the fund, and held in budgetary reserve, from the General Fund, for the budgeted fiscal year, an amount which shall be calculated in the following manner:

(1) Calculate the remainder of the annual growth rate for the budgeted fiscal year minus 2%.

(2) Calculate the product of the total General Fund expenditures for the actual fiscal year multiplied by the result in paragraph (1). This product is the amount of the appropriation to the fund from the General Fund.

(g) Decrease in annual growth rate.--If the annual growth rate in adjusted personal income for the budgeted fiscal year is less than 2%, there shall not be an appropriation to the fund from the General Fund, except as determined under subsection (h).

(h) Transfer from budgetary reserve.--As soon as the Budget Secretary certifies the ending balance of the fiscal year for which the appropriation was budgeted, the amount to be transferred from budgetary reserve to the fund shall be

1 calculated in the following manner:

2 (1) If the General Fund ending balance is greater than
3 or equal to zero:

4 (i) Calculate the sum of the amount appropriated to
5 the fund, that is in budgetary reserve, plus the ending
6 General Fund balance.

7 (ii) Calculate the quotient of the result in
8 subparagraph (i) divided by two. This quotient shall be
9 the amount immediately transferred from budgetary reserve
10 into the fund.

11 (2) If the General Fund ending balance is less than zero
12 calculate the quotient of the amount appropriated to the fund
13 that is in budgetary reserve, divided by two. This quotient
14 shall be the amount immediately transferred from budgetary
15 reserve into the fund.

16 (i) Additional appropriation.--The General Assembly may at
17 any time provide additional amounts from any funds available to
18 this Commonwealth as an appropriation to the fund which shall be
19 placed in the budgetary reserve account.

20 (j) Definitions.--As used in this section, the following
21 words and phrases shall have the meanings given to them in this
22 subsection:

23 "Actual fiscal year." The fiscal year immediately preceding
24 the current fiscal year.

25 "Budgeted fiscal year." The fiscal year in which an
26 appropriation is made to the Tax Stabilization Reserve Fund.

27 "Current fiscal year." Any fiscal year during which an
28 appropriation to the Tax Stabilization Reserve Fund is
29 determined.

30 "Fund." The Tax Stabilization Reserve Fund.

1 "Implicit price deflator for the gross national product."

2 The implicit price deflator for the gross national product, or
3 its equivalent, which is available from the United States Bureau
4 of Economic Analysis.

5 "State personal income." State personal income as that term
6 is defined by the Bureau of Economic Analysis of the United
7 States Department of Commerce or its successor agency.

8 "Transfer payments." Transfer payments as that term is
9 defined by the Bureau of Economic Analysis of the United States
10 Department of Commerce or its successor agency.

11 Section 2. This act shall take effect immediately.