

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 347 Session of  
1995

INTRODUCED BY LaGROTTA, EVANS, ITKIN, COY, SCRIMENTI, FLICK,  
MUNDY, CAPPABIANCA, VAN HORNE, GORDNER, DALEY, LAUGHLIN,  
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McCALL, SURRA, JOSEPHS, STEELMAN, TRICH, BROWNE AND BELFANTI,  
JANUARY 26, 1995

REFERRED TO COMMITTEE ON APPROPRIATIONS, JANUARY 26, 1995

AN ACT

1 Amending the act of April 9, 1929 (P.L.177, No.175), entitled  
2 "An act providing for and reorganizing the conduct of the  
3 executive and administrative work of the Commonwealth by the  
4 Executive Department thereof and the administrative  
5 departments, boards, commissions, and officers thereof,  
6 including the boards of trustees of State Normal Schools, or  
7 Teachers Colleges; abolishing, creating, reorganizing or  
8 authorizing the reorganization of certain administrative  
9 departments, boards, and commissions; defining the powers and  
10 duties of the Governor and other executive and administrative  
11 officers, and of the several administrative departments,  
12 boards, commissions, and officers; fixing the salaries of the  
13 Governor, Lieutenant Governor, and certain other executive  
14 and administrative officers; providing for the appointment of  
15 certain administrative officers, and of all deputies and  
16 other assistants and employes in certain departments, boards,  
17 and commissions; and prescribing the manner in which the  
18 number and compensation of the deputies and all other  
19 assistants and employes of certain departments, boards and  
20 commissions shall be determined," further imposing additional  
21 budgetary duties and responsibilities on the Governor and the  
22 Secretary of the Budget; requiring the Auditor General and  
23 State Treasurer to furnish lists of employees and requiring  
24 monthly updates of employee lists to be furnished to the  
25 Legislative Data Processing Center; creating an independent  
26 advisory board to be known as the Independent Fiscal Review  
27 Board, providing for the appointment of its members, and  
28 defining its powers and duties; establishing an Economic  
29 Advisory Council; and providing for duties of the Governor,  
30 the Secretary of Public Welfare and the Secretary of Revenue.

1       The General Assembly of the Commonwealth of Pennsylvania  
2 hereby enacts as follows:

3       Section 1. Section 613 of the act of April 9, 1929 (P.L.177,  
4 No.175), known as The Administrative Code of 1929, is amended by  
5 adding a clause to read:

6       Section 613. Submission of Budget to General Assembly.--As  
7 soon as possible after the organization of the General Assembly,  
8 but not later than the first full week in February of each year,  
9 except in the case where a Governor has been elected for his  
10 first term of office and then no later than the first full week  
11 in March, the Governor shall submit to the General Assembly  
12 copies of original agency budget requests and all subsequent  
13 revised agency budget requests and a State budget and program  
14 and financial plan embracing:

15       \* \* \*

16       (5) No later than thirty (30) days following the submission  
17 of the budget to the General Assembly, the Governor must submit  
18 copies of all proposed legislation necessary for the  
19 implementation of his proposed budget for the ensuing fiscal  
20 year.

21       Section 2. Section 614 of the act, amended August 14, 1991  
22 (P.L.331, No.35), is amended to read:

23       Section 614. List of Employees to be Furnished to Certain  
24 State Officers.--(a) (1) All administrative departments,  
25 boards, and commissions and the Attorney General shall on July  
26 15 of each year, transmit to the Auditor General, the State  
27 Treasurer and Secretary of the Budget a complete list, and to  
28 the Legislative Data Processing Center a computer tape of such  
29 list, as of July 1 preceding, of the names of all persons,  
30 except day-laborers, entitled to receive compensation from the

1 Commonwealth for services rendered in or to the department,  
2 board, or commission, as the case may be. [Such list]

3 (2) The Auditor General shall, on July 15 of each year,  
4 transmit to the State Treasurer and the Secretary of the Budget  
5 a complete list, and to the Legislative Data Processing Center a  
6 computer tape of such list, as of July 1 preceding, of the names  
7 of all persons, except day-laborers, entitled to receive  
8 compensation from the Commonwealth for services rendered in or  
9 to the Auditor General.

10 (3) The State Treasurer shall, on July 15 of each year,  
11 transmit to the Auditor General and the Secretary of the Budget  
12 a complete list, and to the Legislative Data Processing Center a  
13 computer tape of such list, as of July 1 preceding, of the names  
14 of all persons, except day-laborers, entitled to receive  
15 compensation from the Commonwealth for services rendered in or  
16 to the State Treasurer.

17 (4) The lists under clauses (1), (2) and (3) shall show the  
18 position occupied by each such person, the date of birth and  
19 voting residence of such person, the salary at which or other  
20 basis upon which such person is entitled to be paid, the date  
21 when such person entered the service of the Commonwealth,  
22 whether such person has been continuously employed by the  
23 Commonwealth since that date, and all periods of service and  
24 positions held as an employe of the Commonwealth, or such part  
25 of such information as the Governor may prescribe.

26 (b) (1) No later than the 15th of each month thereafter,  
27 the Attorney General, the heads of the several administrative  
28 departments, and the several independent administrative boards  
29 and commissions, shall certify to the Auditor General, the State  
30 Treasurer and the Secretary of the Budget any changes in the

1 annual list of employees last transmitted to them which shall  
2 have occurred during the preceding month [and shall provide to  
3 the Legislative Data Processing Center a computer tape of such  
4 changes].

5 (2) Each month thereafter, the Auditor General shall certify  
6 to the State Treasurer and the Secretary of the Budget any  
7 changes in the annual list of employees last transmitted to them  
8 which shall have occurred during the preceding month.

9 (3) Each month thereafter, the State Treasurer shall certify  
10 to the Auditor General and the Secretary of the Budget any  
11 changes in the annual list of employees last transmitted to them  
12 which shall have occurred during the preceding month.

13 (4) Each month thereafter, all administrative departments,  
14 boards and commissions, the Attorney General, the Auditor  
15 General and the State Treasurer shall transmit a computer tape  
16 of the changes under clauses (1), (2) and (3) to the Legislative  
17 Data Processing Center.

18 (c) The information received by the Auditor General, the  
19 State Treasurer and the Secretary of the Budget, under this  
20 section, shall be public information.

21 Section 3. Section 615(a) and (d) of the act, added  
22 September 27, 1978 (P.L.775, No.149) and August 14, 1991  
23 (P.L.331, No.35), are amended to read:

24 Section 615. Estimates of Current Expenditures by  
25 Departments, Boards and Commissions.--(a) Each administrative  
26 department, board and commission, except the departments of  
27 which the Auditor General, the State Treasurer and the Attorney  
28 General are respectively the heads, shall from time to time, as  
29 requested by the Governor, prepare and submit to the Secretary  
30 of the Budget, for approval or disapproval, an estimate of the

1 amount of money required and the levels of activity and  
2 accomplishment for each program carried on by each department,  
3 board or commission, during the ensuing month, quarter, or such  
4 other period as the Governor shall prescribe. All available  
5 Federal funds and funds from other sources shall be  
6 characterized as such and shall be included in the estimated  
7 expenditures which must be submitted to the Secretary of the  
8 Budget before any expenditures therefrom may be made. If such  
9 estimates do not meet with the approval of the Secretary of the  
10 Budget, it shall be revised as necessary and resubmitted for  
11 approval. The approved rebudget for each administrative  
12 department, board and commission subject to this section shall  
13 be submitted to the General Assembly within ninety (90) days  
14 following enactment of the budget for the current fiscal year.  
15 The Secretary of the Budget may establish an authorized  
16 personnel complement level in conjunction with the approved  
17 expenditure estimate.

18 \* \* \*

19 (d) The Secretary of the Budget shall not, under his  
20 authority pursuant to this section, reserve, disapprove or  
21 reduce any amount appropriated by the General Assembly for  
22 grants and subsidies without giving ten (10) days' prior notice  
23 to the Majority and Minority [Chairmen] Chairs of the  
24 Appropriations Committees of the Senate and the House of  
25 Representatives, for their review and comment. Such notice shall  
26 include the amount of the appropriation to be reduced or  
27 disapproved, the reasons why the appropriation should be reduced  
28 or disapproved and the estimated impact of such reduction or  
29 disapproval on the programs, services or purposes for which the  
30 appropriation is provided.

1       Section 4. Sections 618, 619 and 620 of the act, added  
2       September 27, 1978 (P.L.775, No.149), are amended to read:

3       Section 618. Revenue Estimates.--(a) The Department of  
4       Revenue in conjunction with the Secretary of the Budget shall  
5       make revenue estimates for the use of the Governor in preparing  
6       the budget with periodic revisions until the final estimate is  
7       signed by the Governor not later than the time he signs the  
8       general appropriation bill. The revenue estimates used to sign  
9       any appropriation bill shall show separately State revenues,  
10      Federal funds, and, if specifically appropriated, funds from  
11      other sources. The Governor shall item veto any part of any  
12      appropriation bill that causes total appropriations to exceed  
13      the official estimate plus any unappropriated surplus. No  
14      changes in the revenue estimates shall be made thereafter unless  
15      changes in statutes affecting revenues and receipts are enacted.

16      (b) The revenue estimates shall be prepared in a way that  
17      they are subject to complete and thorough oversight by the  
18      Appropriations Committees of the Senate and the House of  
19      Representatives and the Independent Fiscal Review Board with  
20      full knowledge of all data, assumptions, and econometric models  
21      which were used to develop the projections and any subsequent  
22      revisions of these projections.

23      (c) A committee consisting of the Governor, the Secretary of  
24      the Budget, the Secretary of Revenue [and the Chairmen], the  
25      Chairs of the Appropriations Committees of the Senate and the  
26      House of Representatives and the Chair of the Independent Fiscal  
27      Review Board is hereby established to oversee the development,  
28      maintenance and/or use of econometric models which may be  
29      applied in the forecasting of State revenues. A model or models  
30      shall be developed for this purpose in the event that one does

1 not currently exist. The Governor's Office shall maintain and  
2 update the model or models or appoint an appropriate agency or  
3 agencies to perform this responsibility. The Governor's Office  
4 shall inform the Oversight Committee of any changes to be made  
5 to the model or models to keep it updated. The equations of the  
6 model or models and any historic data bases related thereto  
7 shall be available to any member of the Oversight Committee or  
8 to the Minority [Chairman] Chair of the Appropriations Committee  
9 of the Senate or House of Representatives upon request at any  
10 time for any reason. Members of the Oversight Committee or the  
11 Minority [Chairman] Chair of the Appropriations Committee of the  
12 Senate or the House of Representatives may request the  
13 Governor's Office or the appropriate agency to run the model or  
14 models for any purpose including the testing of new equations  
15 and to produce forecasts. Forecasts produced by the model or  
16 models and any forecasted data bases related thereto shall be  
17 kept confidential by the Governor's Office and the appropriate  
18 agency or agencies producing these forecasts until or unless the  
19 individual requesting such forecast shall release them from this  
20 requirement. In no way shall this confidentiality provision be  
21 construed to prevent access by the Appropriations Committees of  
22 the Senate or House of Representatives or the Independent Fiscal  
23 Review Board to forecasts used in the preparation of the  
24 Governor's revenue estimates after the presentation of the  
25 budget as required in section 619(b).

26 Section 619. Transmission of Budget Information to the  
27 General Assembly.--(a) In December of each year, the Governor  
28 shall meet with the Majority and Minority [Chairmen] Chairs of  
29 the Appropriations Committees and the officers of the General  
30 Assembly to brief the legislative leadership on the issues he

1 can foresee as being imminent in the budget for the next fiscal  
2 year and exchange views with them on issues on the budget before  
3 it is formally submitted to the General Assembly. The Governor's  
4 briefing shall include:

5 (1) Major anticipated increases or decreases in programs.

6 (2) The results or anticipated results of employee union  
7 negotiations for salaries, wages and other benefits.

8 (3) The statistics involved in preliminary forecasts of the  
9 major programs mandated by statute such as education subsidies,  
10 all public assistance programs, debt service and forecasts of  
11 revenue.

12 (4) Other appropriate budget information.

13 The legislative officers shall also inform the Governor of  
14 financial matters which should be considered in the budget.

15 (a.1) At the same time that the Governor presents the budget  
16 to the General Assembly, the Governor shall, as provided in  
17 section 2808-D, present a documented revenue forecast as defined  
18 in section 2802-D.

19 (b) In the year the Governor is inaugurated, the Governor  
20 shall present the budget to the General Assembly no later than  
21 the first full week in March and in other years, no later than  
22 the first full week in February.

23 (c) The budget shall include the results of any program  
24 evaluation report completed by the Budget Office in the fiscal  
25 year preceding the year in which the budget request is made. The  
26 results of the evaluation report and its recommendations shall  
27 be summarized and included in the budget documentation.

28 (d) The Governor and each department or agency of the  
29 Commonwealth, upon request of the [Chairman] Chair of the  
30 Appropriations Committees of either the Senate or the House of



1 Representatives, shall provide documentation of any budget  
2 request, including revenue estimates upon which the Governor's  
3 budget estimate is based.

4 Section 620. Budget Implementation Data.--(a) The Governor  
5 shall make monthly expenditure data available to the Majority  
6 and Minority [Chairmen] Chairs of the Appropriations Committees  
7 of the Senate and the House of Representatives. Monthly data  
8 shall be provided within fifteen (15) days after the end of each  
9 month. The monthly data shall be prepared in such a way that the  
10 last monthly submission is a summary inclusive of the preceding  
11 months of the fiscal year and shall be usable to establish a  
12 history of expenditure file. This data, at the discretion of the  
13 Majority and Minority [Chairmen] Chairs of the Appropriations  
14 Committees of the Senate and the House of Representatives may be  
15 provided either in finished reports or on computer tapes. The  
16 data shall be provided by fund, by appropriation, by department  
17 and by organization within each department and shall include:

- 18 (1) Number of filled personnel positions and their cost.
- 19 (2) Itemized personnel vacancies and their cost.
- 20 (3) New positions created and their cost.
- 21 (4) Wage and overtime costs.
- 22 (5) Allotments and expenditures for itemized personnel  
23 expenses.
- 24 (6) Allotments and expenditures for itemized operating  
25 expenses.
- 26 (7) Allotments and expenditures for itemized fixed assets.
- 27 (8) The rate of expenditures in appropriations for major  
28 subsidy and grant programs during the month.

29 In addition to the above specified budgetary data, the Governor  
30 shall make available any other budgetary data as may be

1 requested from time to time by the Majority and Minority  
2 [Chairmen] Chairs of the Appropriations Committees of the Senate  
3 and the House of Representatives.

4 (b) The Governor shall make monthly revenue reports to the  
5 Majority and Minority [Chairmen] Chairs of the Appropriations  
6 Committees of the Senate and the House of Representatives and  
7 the Independent Fiscal Review Board. The revenue reports shall  
8 show the actual collection of revenue itemized by source and a  
9 comparison of the actual collections with estimated collections  
10 for each month. The comparison shall be accompanied by an  
11 analysis which would indicate any change in collection patterns  
12 which will cause a shortfall or overrun on the annual estimates  
13 of more than one per centum (1%).

14 (c) The Governor shall cause to be prepared any other  
15 revenue data as may be requested from time to time by the  
16 Majority or Minority [Chairmen] Chairs of the Appropriations  
17 Committees of the Senate or the House of Representatives and to  
18 the Chair of the Independent Fiscal Review Board.

19 Section 5. Section 620.1 of the act, added August 14, 1991  
20 (P.L.331, No.35), is amended to read:

21 Section 620.1. Electronic Access of Information.--Except for  
22 confidential information, the Majority and Minority [Chairmen]  
23 Chairs of the Appropriations Committees of the Senate and House  
24 of Representatives and the Chair of the Independent Fiscal  
25 Review Board shall have access to all information available on  
26 inquiry-only screens through the Integrated Central System.

27 Section 6. The act is amended by adding an article to read:

28 ARTICLE XXVIII-D

29 POWERS AND DUTIES OF THE INDEPENDENT FISCAL

30 REVIEW BOARD

1     Section 2801-D. Legislative Purpose.--The General Assembly  
2     recognizes the continued need for public services which insure  
3     the economic and social well-being of individuals and businesses  
4     in this Commonwealth. To that end, the General Assembly hereby  
5     finds and declares that the Commonwealth should establish an  
6     independent entity to:

7         (1) recommend changes which will modernize and reform the  
8     State and local revenue system which supports these public  
9     services;

10        (2) continually monitor this system;

11        (3) encourage discussion in a public forum of issues and  
12     concerns related to this system; and

13        (4) particularly focus on revenue forecasts and legislation  
14     affecting the General Fund.

15     The General Assembly further recognizes that the Commonwealth  
16     should establish an independent entity which is composed of  
17     professionals who are experts in their fields, experts who can  
18     encourage debate on whether our State revenue system equitably  
19     distributes the burden of payment, promotes economic efficiency  
20     and growth, provides appropriate and timely revenues, is easy to  
21     understand and easy to administer, and ensures accountability.

22     Section 2802-D. Definitions.--The following words and  
23     phrases when used in this article shall have the meanings given  
24     to them in this section unless the context clearly indicates  
25     otherwise:

26        "Board" means the Independent Fiscal Review Board.

27        "Chairs of the Appropriations Committees" means the Majority  
28     Chair and the Minority Chair of the Appropriations Committee of  
29     the Senate and the Majority Chair and the Minority Chair of the  
30     Appropriations Committee of the House of Representatives.

1 "Council" means the Economic Advisory Council.

2 "Documented revenue forecast" means General Fund revenue  
3 estimates for the current and succeeding two fiscal years  
4 accompanied by supporting documentation which is sufficient for  
5 an individual to independently replicate and verify the  
6 forecast. Supporting documentation includes, but is not limited  
7 to:

8 (1) All reference and data sources used to prepare the  
9 forecast.

10 (2) Economic growth assumptions accompanied with supporting  
11 rationale.

12 (3) A printout of all historical and forecast data used,  
13 including the effective rate of taxes.

14 (4) A printout of all adjustments to historical and forecast  
15 data accompanied with supporting rationale where the rationale  
16 includes, but is not limited to, a discussion of adjustments due  
17 to statutory changes, litigation, and administrative practices.

18 (5) All models used, including econometric, structural and  
19 cash flow models.

20 (6) All formulas and calculations used to be accompanied  
21 with supporting rationale.

22 "General Fund revenue" means the income sources for the  
23 General Fund.

24 "Official estimate" means the official estimate as required  
25 under section 618(a) for General Fund revenue.

26 "Revenue system" means the taxes levied by the various taxing  
27 jurisdictions in this Commonwealth.

28 Section 2803-D. Creation of Board.--The Independent Fiscal  
29 Review Board is hereby created as an independent advisory board.

30 Section 2804-D. Purpose of Board.--The Independent Fiscal

Review Board shall prepare periodic advisory General Fund revenue estimates and reports, monitor State and local revenue systems and act as an advisor to the Governor, the General Assembly and the public concerning the following:

(1) General Fund revenue forecasts.

(2) Economic conditions in this Commonwealth.

(3) Trends and developments relevant to revenue systems in this Commonwealth.

(4) Other information or analysis related to State and local revenue systems which the Governor or the Chairs of the Appropriations Committees may request or as may be required by law.

Section 2805-D. Board Membership.--(a) (1) The Independent Fiscal Review Board shall consist of nine members.

(2) The Governor shall appoint one member of the board and each of the Chairs of the Appropriations Committees shall appoint one member of the board. The appointments under this clause shall be made within thirty (30) days of the effective date of this section.

(3) The five appointments under clause (2) shall appoint four additional members to the board. The five board appointments must unanimously approve each of the four additional members. The additional four board members shall be appointed within sixty (60) days of the effective date of this section.

(4) The board shall by a vote of six of the nine members elect one of the four additional members to serve as chair of the board.

(5) Whenever a vacancy occurs on the board, whether prior to or at the expiration of a term, the vacancy shall be filled

1 within sixty (60) days. All successors shall be appointed by the  
2 same appointing authority as the members whom they are  
3 replacing.

4 (b) (1) All members of the board shall be skilled and  
5 knowledgeable in tax policy, and have at least five years'  
6 experience in public finance, economics or accounting. At least  
7 three members of the board shall have a minimum of five years'  
8 professional economic forecasting experience. At least one  
9 member shall have a minimum of five years of corporate tax  
10 accounting experience.

11 (2) A member of the board may not be a lobbyist as defined  
12 under the act of September 30, 1961 (P.L.1778, No.712), known as  
13 the "Lobbying Registration and Regulation Act."

14 (3) A board member may not be an employe of the executive,  
15 legislative or judicial branch of State government.

16 (4) The board members shall not seek or hold a position as  
17 any other public official within this Commonwealth or as a party  
18 officer while a member of the board. The board members shall not  
19 seek election as public officials or party officers for one year  
20 after their service with the board. The board members may serve  
21 as appointed public officials any time after their period of  
22 service with the board.

23 (c) Except as otherwise provided, the board members shall  
24 serve a four-year term. Of the nine initial appointments, two  
25 shall be appointed for a term of two years, three for a term of  
26 three years and four for a term of four years. The chair of the  
27 board, whose initial term shall be for four years, shall have  
28 the other appointees draw lots to determine which length of  
29 initial term each of them shall serve. Any person appointed to  
30 fill a vacancy occurring prior to the expiration of a term shall

1 serve the unexpired term. A board member may be reappointed to  
2 serve subsequent terms. If the chair shall become vacant, the  
3 board shall elect a new chair as provided in subsection (a)(4).

4 (d) The board shall meet as frequently as it deems  
5 appropriate, but at least once during each quarter of the fiscal  
6 year. Except as otherwise provided by law, the chair shall be  
7 responsible for calling meetings of the board and shall set a  
8 date, time and place for such meetings. The member appointed by  
9 the Governor shall set a date, time and place for the initial  
10 organizational meetings of the board within ten (10) days after  
11 the completion of the initial five appointments and within ten  
12 (10) days after the completion of the remaining four  
13 appointments. In addition, the chair shall call a meeting of the  
14 board if a request for such meeting is submitted to the  
15 chairperson by at least three members of the board.

16 (e) (1) The chair shall, when present, preside at all  
17 meetings. In the chair's absence, a member designated by the  
18 board shall preside. Any actions of the chair are subject in  
19 every case to majority approval of the board.

20 (2) Five of the members who compose the board shall  
21 constitute a quorum for the purpose of conducting the business  
22 of the board and for all other purposes except as otherwise  
23 provided.

24 (f) The members of the board shall receive reimbursement for  
25 actual and necessary expenses incurred while performing the  
26 business of the board.

27 Section 2806-D. Powers and Duties of Board.--(a) The  
28 Independent Fiscal Review Board may expend such appropriated  
29 funds as are necessary to perform the function provided for in  
30 this article.

1     (b) (1) The board shall hire an executive director to aid  
2 in carrying out the powers and duties of the board. The chair  
3 shall, upon the approval of a majority of the members who  
4 compose the board, delegate to the executive director such  
5 powers of the board as the chair shall deem necessary to carry  
6 out the purposes of the board, subject in every case to the  
7 supervision and control of the board. The initial appointment of  
8 the executive director shall take place within thirty (30) days  
9 after all initial appointments to the board.

10    (2) The executive director shall not seek or hold a position  
11 as any other public official within this Commonwealth or as a  
12 party officer while filling the position of executive director.  
13 The executive director shall not seek election as a public  
14 official or party officer for one year after service with the  
15 board. The executive director may serve as an appointed public  
16 official any time after his period of service with the board.

17    (3) The executive director shall hire support staff as  
18 deemed necessary to carry out the duties and requests of the  
19 board. The initial chair of the board shall use the staff of the  
20 Governor's Office until the executive director has hired  
21 necessary support staff.

22    (c) The board shall conduct a comprehensive fiscal review  
23 and recommend a proposal, within eighteen (18) months of the  
24 effective date of this article, to redesign and modernize the  
25 State and local revenue systems as required under section 2808-  
26 D. The board shall carry out all of its powers and duties  
27 imposed by this article by first addressing and completing its  
28 duties with regard to such comprehensive fiscal review before  
29 exercising any of its powers and duties with regard to  
30 documented revenue forecasts, fiscal analysis and State and



local revenue systems as provided in subsections (d) and (e).

(d) (1) The board shall prepare a documented revenue forecast by April 30 and any other time deemed necessary by the board.

(2) The board shall analyze the documented revenue forecasts which the Governor and Chairs of the Appropriations Committees submit to the board as required under section 2811-D. The board shall insure that the documented revenue forecasts are a matter of public record.

(3) The board shall analyze how its most recent General Fund revenue forecast compares with the official estimate. Part of the analysis shall include a comparison of the documented revenue forecast with the monthly report of the official estimate as required under section 620(b). In addition, the board shall also provide to the public a summary of such information presented in a manner which a lay person can understand. The board shall meet to approve such information by a majority vote before the information is released. Except as otherwise provided, the board shall make such information available in printed form to the Governor, Chairs of the Appropriations Committees and the public by the following dates: July 15, October 15, January 15, April 15, June 15 and at any other time that the board deems necessary. For purposes of this subsection, publication in the Pennsylvania Bulletin within one week of the due date shall be sufficient to meet the public reporting requirement.

(4) The board shall act in an advisory capacity and shall develop policies and procedures for maintaining the confidentiality of individual requests concerning General Fund revenue forecasts, General Fund revenue proposals or General

Fund revenue analysis upon the request of the Governor or the  
Chairs of the Appropriations Committees.

(e) (1) The board shall prepare and issue a fiscal analysis  
for any bill proposing to expand, alter, or reduce General Fund  
revenue, and for any amendment to a bill proposing to expand,  
alter, or reduce General Fund revenue. The fiscal analysis shall  
include policy effects and estimated revenue impacts for the  
current fiscal year and for each of the two succeeding fiscal  
years, including all reference and data sources and an  
explanation of the methodology used to estimate the revenue  
impacts. When preparing a fiscal analysis, the board shall  
consider the evaluation criteria set forth in section 2809-D.

(2) Except as otherwise provided in clause (3), no bill  
proposing to expand, alter, or reduce General Fund revenue shall  
be given second consideration in either House of the General  
Assembly until the board has attached a fiscal analysis, and no  
amendment to any bill which proposes amendment to expand, alter,  
or reduce General Fund revenue shall be considered by either  
House of the General Assembly until the board has attached a  
fiscal analysis.

(3) If the board fails to attach a fiscal analysis within  
twenty (20) legislative days after a bill proposing to expand,  
alter, or reduce General Fund revenue has received first  
consideration in either House of the General Assembly, the bill  
may be further considered in the same manner as if the fiscal  
analysis had been attached to the bill. If the board fails to  
attach a fiscal analysis within twenty (20) legislative days  
after an amendment to a bill proposing to expand, alter, or  
reduce General Fund revenue has been submitted to the board, the  
amendment may be considered in the same manner as if the fiscal

1 analysis had been attached to the amendment.

2 (f) The board shall periodically monitor and, using the  
3 evaluation criteria set forth in section 2808-D, evaluate the  
4 relationship of State and local revenue systems to fiscal policy  
5 in this Commonwealth and to changes and developments in factors  
6 that impact the revenue systems. Such factors that the board  
7 should consider include:

8 (1) general economic and demographic trends;

9 (2) patterns of business methods and organization;

10 (3) economic activity;

11 (4) Federal and State legislative and administrative  
12 actions;

13 (5) accounting standards; and

14 (6) regulatory requirements.

15 At its own discretion, or upon request of the Governor or the  
16 General Assembly, the board shall evaluate the impact of any  
17 factor on the revenue systems in this Commonwealth and recommend  
18 any revisions to policy that it deems advisable.

19 Section 2807-D. Comprehensive Fiscal Review.--(a) The  
20 purpose of the comprehensive fiscal review is to address the  
21 structural problems in the existing revenue systems in this  
22 Commonwealth and, in turn, to develop a consensus proposal for  
23 making State and local revenue systems straightforward, fair,  
24 efficient, and reliable for funding the public programs and  
25 services provided in this Commonwealth. It is the intent of the  
26 General Assembly that such proposal shall not result in excess  
27 revenues.

28 (b) Within three (3) months of the effective date of this  
29 section, the Independent Fiscal Review Board shall commence a  
30 review of the entire structure of State and local revenue

systems in this Commonwealth. Using the evaluation criteria set forth in section 2808-D, the board shall make a comprehensive assessment of the revenue systems in this Commonwealth and recommend a proposal to redesign and modernize such systems.

(c) No later than sixteen (16) months after the effective date of this section, the board shall issue to the Governor and the General Assembly a final report containing its evaluation of the State and local revenue systems and recommended proposal for improving such systems, including supporting analysis, such as rationale and fiscal analyses. Within ninety (90) days of issuing the report, the board shall submit suggested statutory language for implementing its recommendations.

(d) Within one hundred five (105) days of issuing the report required by subsection (b), the board shall publish in the Pennsylvania Bulletin:

(1) a brief summary of the report;

(2) a notice of availability of the text of the report, the statutory language for implementing the recommendations set forth in the report, and a fiscal analysis relating to the recommendations; and

(3) a request for written comments.

Section 2808-D. Evaluation Criteria.--When carrying out its duties under this article, when appropriate, the Independent Fiscal Review Board shall take into consideration the following:

(1) The simplicity of the taxes and the ability of individual taxpayers to easily understand and comply with them.

(2) The overall mix of taxes.

(3) Whether the tax burden is distributed fairly among taxpayers in terms of ability to pay and the relationship between benefits received and payments made.

1     (4) The need to eliminate subjective interpretation of  
2 taxes.

3     (5) The reliability of taxes and whether their bases yield  
4 automatic growth and cyclical stability in revenues generated.

5     (6) The collection and enforcement costs associated with the  
6 various taxes and the ability to easily administer the taxes.

7     (7) Whether the taxes create incentives for individuals and  
8 firms to alter their behavior in order to minimize their tax  
9 burden.

10    (8) The system of taxation within various jurisdictions and  
11 the incentives for households to move and firms to relocate  
12 activities to jurisdictions which provide more favorable tax  
13 treatment.

14    (9) The value of tax incentives and whether they meet the  
15 performance requirements on which they are based.

16    (10) The responsiveness of revenue systems to economic and  
17 social conditions, including the following:

18       (i) changes in the economic base, such as the shift from  
19 manufacturing to services;

20       (ii) changes in the types and forms of business  
21 organizations, such as the formation of S corporations and  
22 limited liability companies;

23       (iii) expansion of interstate and international businesses  
24 and transactions, which impacts nexus requirements,  
25 apportionment methods and methods of reporting, including  
26 combined or separate company reporting;

27       (iv) changes in technology and regulations, such as in  
28 telecommunications and financial services; and

29       (v) goals of State economic development policy, such as  
30 targeted job creation and public investments.

1     Section 2809-D. Economic Advisory Council.--(a) The  
2     Economic Advisory Council is established to act in an advisory  
3     capacity to the Independent Fiscal Review Board concerning State  
4     and local revenue systems, economic conditions in this  
5     Commonwealth and General Fund revenue forecasts whenever the  
6     board calls upon them to do so. The council shall meet with the  
7     board at least once during each quarter of the fiscal year.

8     (b) The council shall consist of at least seven members. The  
9     board shall appoint each member for a two-year term based upon a  
10    majority vote. Whenever a vacancy occurs on the council, whether  
11    prior to or at the expiration of a term, the vacancy shall be  
12    filled within sixty (60) days. Any person appointed to fill a  
13    vacancy occurring prior to the expiration of a term shall serve  
14    the unexpired term. The council shall at least consist of a  
15    representative from each of the following sectors: labor,  
16    manufacturing, banking, nonbanking financial services, retail  
17    and public utilities.

18    (c) Members of the council shall not seek or hold a position  
19    as any other public official within this Commonwealth or as a  
20    party officer while a member of the council. The council members  
21    shall not seek election as public officials or party officers  
22    for one year after their service with the council. The council  
23    members may serve as appointed public officials any time after  
24    their period of service with the council. A member of the  
25    council may not be a lobbyist as defined under the act of  
26    September 30, 1961 (P.L.1778, No.712), known as the "Lobbying  
27    Registration and Regulation Act." A board member of the council  
28    may not be an employe of the executive, legislative or judicial  
29    branch of State government.

30    Section 2810-D. Duties of the Governor, Secretary of Revenue

1 and Chairs of the Appropriations Committees.--(a) The Governor  
2 shall submit to the Independent Fiscal Review Board a documented  
3 revenue forecast with the submission of the Executive Budget as  
4 required under section 613 and with the official estimate. The  
5 Chairs of the Appropriations Committees shall submit to the  
6 board a documented revenue forecast when their respective  
7 budgets are introduced as required under the act of \_\_\_\_\_,  
8 1995 (P.L. \_\_\_\_\_, No. \_\_\_\_\_) known as the "Budget Reform Act."

9 (b) Notwithstanding any law or regulation regarding  
10 confidential information to the contrary, the Secretary of the  
11 Budget and the Secretary of Revenue shall provide information  
12 which the board requests for purposes of fulfilling its duties  
13 under this act. The board shall be bound by the same laws and  
14 regulations regarding confidentiality as the individual which  
15 provides the confidential information to the board.

16 (c) In order to facilitate the board in carrying out its  
17 duties under section 2806-D(e), the Secretary of the Budget and  
18 Secretary of Revenue shall make available to the board all  
19 information and reports used for generating General Fund revenue  
20 forecasts.

21 Section 7. This act shall take effect immediately.