## THE GENERAL ASSEMBLY OF PENNSYLVANIA

## **HOUSE BILL**

No. 261

Session of 2007

INTRODUCED BY D. EVANS, CALTAGIRONE, CAPPELLI, CURRY, DePASQUALE, FREEMAN, GALLOWAY, HARHAI, HARPER, JAMES, JOSEPHS, W. KELLER, KING, LEACH, MARSHALL, PARKER, PASHINSKI, SHAPIRO, SOLOBAY, STURLA, THOMAS, WANSACZ, WHEATLEY AND YOUNGBLOOD, FEBRUARY 6, 2007

REFERRED TO COMMITTEE ON APPROPRIATIONS, FEBRUARY 6, 2007

## AN ACT

- 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 Executive Department thereof and the administrative 4 5 departments, boards, commissions, and officers thereof, including the boards of trustees of State Normal Schools, or Teachers Colleges; abolishing, creating, reorganizing or 7 authorizing the reorganization of certain administrative 8 departments, boards, and commissions; defining the powers and 9 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, and commissions; and prescribing the manner in which the 17 18 number and compensation of the deputies and all other assistants and employes of certain departments, boards and 19 20 commissions shall be determined, "further providing, in 21 budget procedures, for revenue estimates, for transmission of budget information to legislature, for budget implementation 22 data and for electronic access to information; and 23 24 establishing the Independent Fiscal Review Board.
- 25 The General Assembly of the Commonwealth of Pennsylvania
- 26 hereby enacts as follows:
- 27 Section 1. Sections 618 and 619 of the act of April 9, 1929

- 1 (P.L.177, No.175), known as The Administrative Code of 1929,
- 2 added 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 <u>Review Board</u> 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 2810-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 2. Section 620 of the act, amended November 26, 1997
- 5 (P.L.530, No.57), is amended to read:
- 6 Section 620. Budget Implementation Data. -- (a) The Governor
- 7 shall make monthly expenditure data available to the Majority
- 8 and Minority [Chairmen] Chairs of the Appropriations Committees
- 9 of the Senate and the House of Representatives. Monthly data
- 10 shall be provided within fifteen (15) days after the end of each
- 11 month. The monthly data shall be prepared in such a way that the
- 12 last monthly submission is a summary inclusive of the preceding
- 13 months of the fiscal year and shall be usable to establish a
- 14 history of expenditure file. This data, at the discretion of the
- 15 Majority and Minority [Chairmen] Chairs of the Appropriations
- 16 Committees of the Senate and the House of Representatives may be
- 17 provided either in finished reports or on computer tapes. The
- 18 data shall be provided by fund, by appropriation, by department
- 19 and by organization within each department and shall include:
- 20 (1) Number of filled personnel positions and their cost.
- 21 (2) Itemized personnel vacancies and their cost.
- 22 (3) New positions created and their cost.
- 23 (4) Wage and overtime costs.
- 24 (5) Allotments and expenditures for itemized personnel
- 25 expenses.
- 26 (6) Allotments and expenditures for itemized operating
- 27 expenses.
- 28 (7) Allotments and expenditures for itemized fixed assets.
- 29 (8) The rate of expenditures in appropriations for major
- 30 subsidy and grant programs during the month.

- 1 In addition to the above specified budgetary data, the Governor
- 2 shall make available any other budgetary data as may be
- 3 requested from time to time by the Majority and Minority
- 4 [Chairmen] Chairs of the Appropriations Committees of the Senate
- 5 and the House of Representatives.
- 6 (b) The Governor shall make monthly revenue reports to the
- 7 Majority and Minority [Chairmen] Chairs of the Appropriations
- 8 Committees of the Senate and the House of Representatives and
- 9 the Independent Fiscal Review Board. The revenue reports shall
- 10 show the actual collection of revenue itemized by source and a
- 11 comparison of the actual collections with estimated collections
- 12 for each month. The comparison shall be accompanied by an
- 13 analysis which would indicate any change in collection patterns
- 14 which will cause a shortfall or overrun on the annual estimates
- 15 of more than one per centum (1%).
- 16 (c) The Governor shall cause to be prepared any other
- 17 revenue data as may be requested from time to time by the
- 18 Majority or Minority [Chairmen] Chairs of the Appropriations
- 19 Committees of the Senate or the House of Representatives and to
- 20 the Chair of the Independent Fiscal Review Board.
- 21 Section 3. Section 620.1 of the act, added August 14, 1991
- 22 (P.L.331, No.35), is amended to read:
- 23 Section 620.1. Electronic Access [of] to Information .--
- 24 Except for confidential information, the Majority and Minority
- 25 [Chairmen] Chairs of the Appropriations Committees of the Senate
- 26 and House of Representatives and the Chair of the Independent
- 27 Fiscal Review Board shall have access to all information
- 28 available on inquiry-only screens through the Integrated Central
- 29 System.
- 30 Section 4. The act is amended by adding an article to read:

1	<u>ARTICLE XXVIII-D</u>
2	POWERS AND DUTIES OF THE INDEPENDENT FISCAL
3	REVIEW BOARD
4	Section 2801-D. Legislative purpose.
5	The General Assembly recognizes the continued need for public
6	services which ensure the economic and social well-being of
7	individuals and businesses in this Commonwealth.
8	(1) To that end, the General Assembly finds and declares
9	that the Commonwealth should establish an independent entity
10	to do all of the following:
11	(i) Recommend changes which will modernize and
12	reform the Commonwealth and local revenue systems which
13	supports these public services.
14	(ii) Continually monitor this system.
15	(iii) Encourage discussion in a public forum of
16	issues and concerns related to this system.
17	(iv) Particularly focus on revenue forecasts and
18	legislation affecting the General Fund.
19	(2) The General Assembly further recognizes that the
20	Commonwealth should establish an independent entity which is
21	composed of professionals who are experts in their fields and
22	who can encourage debate on whether the Commonwealth revenue
23	system equitably distributes the burden of payment, promotes
24	economic efficiency and growth, provides appropriate and
25	timely revenues, is easy to understand and easy to administer
26	and ensures accountability.
27	Section 2802-D. Definitions.
28	The following words and phrases when used in this article
29	shall have the meanings given to them in this section unless the
30	<pre>context clearly indicates otherwise:</pre>

- 1 <u>"Board." The Independent Fiscal Review Board established in</u>
- 2 section 2803-D.
- 3 "Chairs of the Appropriations Committees." The Majority
- 4 Chair and the Minority Chair of the Appropriations Committee of
- 5 the Senate and the Majority Chair and the Minority Chair of the
- 6 Appropriations Committee of the House of Representatives.
- 7 <u>"Council." The Economic Advisory Council established in</u>
- 8 section 2809-D.
- 9 "Documented revenue forecast." General Fund revenue
- 10 estimates for the current and succeeding two fiscal years
- 11 accompanied by supporting documentation which is sufficient for
- 12 <u>an individual to independently replicate and verify the</u>
- 13 <u>forecast. Supporting documentation includes:</u>
- 14 (1) All reference and data sources used to prepare the
- 15 forecast.
- 16 (2) Economic growth assumptions accompanied with
- 17 <u>supporting rationale.</u>
- 18 (3) All historical and forecast data used, including the
- 19 effective rate of taxes.
- 20 (4) All adjustments to historical and forecast data
- 21 accompanied with supporting rationale. The rationale includes
- 22 a discussion of adjustments due to statutory changes.
- 23 litigation and administrative practices.
- 24 (5) All models used, including econometric, structural
- and cash flow models.
- 26 (6) All formulas and calculations used to be accompanied
- with supporting rationale.
- "General Fund revenue." The income sources for the General
- 29 <u>Fund</u>.
- 30 "Official estimate." The official estimate as required under

- 1 <u>section 618(a) for General Fund revenue.</u>
- 2 <u>"Revenue system." The taxes levied by the various taxing</u>
- 3 jurisdictions in this Commonwealth.
- 4 Section 2803-D. Board.
- 5 The Independent Fiscal Review Board is established as an
- 6 <u>independent advisory board.</u>
- 7 <u>Section 2804-D. Purpose.</u>
- 8 The board shall prepare periodic advisory General Fund
- 9 revenue estimates and reports; monitor Commonwealth and local
- 10 revenue systems; and act as an advisor to the Governor, the
- 11 General Assembly and the public concerning the following:
- 12 (1) General Fund revenue forecasts.
- 13 (2) Economic conditions in this Commonwealth.
- 14 (3) Trends and developments relevant to revenue systems
- in this Commonwealth.
- 16 (4) Other information or analysis related to
- 17 <u>Commonwealth and local revenue systems which the Governor or</u>
- 18 the Chairs of the Appropriations Committees may request or as
- may be required by law.
- 20 <u>Section 2805-D. Membership.</u>
- 21 <u>(a) Members.--</u>
- 22 (1) The board shall consist of nine members.
- 23 (2) The Governor shall appoint one member, and each of
- 24 <u>the Chairs of the Appropriations Committees shall appoint one</u>
- 25 <u>member. The appointments under this paragraph shall be made</u>
- 26 within 30 days of the effective date of this section.
- 27 (3) The five members under paragraph (2) shall appoint
- four additional members to the board. The five board members
- 29 <u>under paragraph (2) must unanimously approve each of the four</u>
- 30 <u>additional members. The members under this paragraph shall be</u>

- 1 appointed within 60 days of the effective date of this
- 2 section.
- 3 (4) The board shall by a vote of six of the nine members
- 4 <u>elect one of the four members under paragraph (3) to serve as</u>
- 5 chair of the board.
- 6 (5) If a vacancy occurs on the board, the vacancy shall
- 7 <u>be filled within 60 days. A successor shall be appointed by</u>
- 8 the same appointing authority as the member being replaced.
- 9 (b) Requirements.--
- 10 (1) Each member must be skilled and knowledgeable in tax
- 11 policy, and have at least five years' experience in public
- finance, economics or accounting. At least three members must
- have a minimum of five years' professional economic
- 14 <u>forecasting experience</u>. At least one member must have a
- minimum of five years of corporate tax accounting experience.
- 16 (2) A member may not be a lobbyist, as defined in 65
- Pa.C.S. § 13A03 (relating to definitions).
- 18 (3) A board member must not be an employee of the
- 19 executive, legislative or judicial branch of State
- 20 government.
- 21 (4) A member may not seek or hold a position as any
- 22 other public official within this Commonwealth or as a party
- 23 officer during the member's term. A member may not seek
- 24 <u>election as a public official or party officer for one year</u>
- 25 <u>after service with the board. A member may serve as an</u>
- appointed public official any time after service with the
- board.
- 28 <u>(c) Terms.--</u>
- 29 (1) Of the nine initial appointments, two shall be
- 30 appointed for a term of two years, three for a term of three

- 1 years and four for a term of four years.
- 2 (2) The chair of the board, whose initial term shall be
- for four years, shall have the other appointees draw lots to
- 4 <u>determine which length of initial term each of them shall</u>
- 5 serve.
- 6 (3) After initial terms, each term shall be four years.
- 7 (4) An individual appointed to fill a vacancy shall
- 8 serve the unexpired term.
- 9 <u>(5) A board member may be reappointed to serve</u>
- 10 <u>subsequent terms</u>.
- 11 (6) If the chair becomes vacant, the board shall elect a
- new chair as provided in subsection (a)(4).
- 13 <u>(d) Meetings.--</u>
- 14 (1) The board shall meet as frequently as it deems
- 15 appropriate, but at least once during each quarter of the
- 16 fiscal year.
- 17 (2) The chair shall be responsible for calling meetings
- 18 of the board and shall set a date, time and place for
- 19 meetings.
- 20 (3) The member appointed by the Governor shall set a
- 21 <u>date, time and place for the initial organizational meetings</u>
- 22 of the board within ten days after the completion of the
- 23 initial five appointments and within ten days after the
- 24 <u>completion of the remaining four appointments.</u>
- 25 <u>(4) The chair shall call a meeting of the board if a</u>
- 26 request for such meeting is submitted to the chair by at
- least three members of the board.
- 28 <u>(e) Procedure.--</u>
- 29 <u>(1) The chair shall, when present, preside at the</u>
- 30 meeting. In the chair's absence, a member designated by the

- 1 board shall preside. Actions of the chair are subject in
- 2 <u>every case to majority approval of the board.</u>
- 3 (2) Five members constitute a quorum.
- 4 (f) Reimbursement.--Members shall receive reimbursement for
- 5 actual and necessary expenses incurred while performing the
- 6 business of the board.
- 7 Section 2806-D. Powers and duties.
- 8 (a) Funds. -- The board may expend appropriated funds
- 9 necessary to perform the function provided for in this article.
- 10 (b) Administration.--
- 11 (1) The board shall hire an executive director to aid in
- 12 <u>carrying out the powers and duties of the board. The chair</u>
- shall, upon the approval of a majority of the members,
- 14 <u>delegate to the executive director powers the chair deems</u>
- 15 necessary to carry out the purposes of the board, subject to
- the supervision and control of the board. The initial
- 17 appointment of the executive director shall take place within
- 18 30 days after all initial appointments to the board.
- 19 (2) The executive director may not seek or hold a
- 20 <u>position as any other public official within this</u>
- 21 Commonwealth or as a party officer during service with the
- 22 board. The executive director may not seek election as a
- 23 public official or party officer for one year after service
- 24 with the board. The executive director may serve as an
- 25 <u>appointed public official any time after service with the</u>
- 26 board.
- 27 (3) The executive director shall hire support staff as
- 28 <u>necessary to carry out the functions of the board. The</u>
- 29 <u>initial chair of the board shall use the staff of the</u>
- 30 Governor's Office as support staff until the executive

- director has hired necessary support staff.
- 2 (c) Fiscal review. -- The board shall conduct a comprehensive
- 3 fiscal review and recommend a proposal, within 18 months of the
- 4 <u>effective date of this section</u>, to redesign and modernize
- 5 <u>Commonwealth and local revenue systems as required under section</u>
- 6 2807-D. The board shall carry out all of its powers and duties
- 7 <u>imposed by this article by first addressing and completing its</u>
- 8 duties with regard to the comprehensive fiscal review before
- 9 exercising any of its powers and duties with regard to
- 10 documented revenue forecasts, fiscal analysis and Commonwealth
- 11 and local revenue systems as provided in subsections (d) and
- 12 <u>(e)</u>.
- 13 <u>(d) Revenue forecast.--</u>
- 14 (1) The board shall prepare a documented revenue
- forecast by April 30 and at any other time deemed necessary
- by the board.
- 17 (2) The board shall analyze the documented revenue
- 18 forecasts which the Governor submits to the board as required
- under section 2810-D. The board shall ensure that the
- 20 <u>documented revenue forecasts are a matter of public record.</u>
- 21 (3) The board shall analyze how its most recent General
- 22 Fund revenue forecast compares with the official estimate.
- 23 Part of the analysis shall include a comparison of the
- 24 <u>documented revenue forecast with the monthly report of the</u>
- official estimate as required under section 620(b). The board
- 26 shall provide to the public a summary of information
- 27 presented in a manner which a lay person can understand. The
- 28 <u>board shall meet to approve information by a majority vote</u>
- 29 <u>before the information is released. Except as otherwise</u>
- 30 provided, the board shall make information available in

printed form to the Governor, the Chairs of the
Appropriations Committees and the public by July 15, October
15, January 15, April 15 and June 15 and at any other time
that the board deems necessary. For purposes of this
paragraph, 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 and
General Fund revenue analysis, upon the request of the
Governor or the Chairs of the Appropriations Committees.
(e) Fiscal analysis
(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. In preparing a fiscal analysis,
the board shall consider the evaluation criteria set forth in
section 2808-D.
(2) Except as provided in paragraph (3):
(i) no bill proposing to expand, alter or reduce
General Fund revenue shall be given second consideration
in either chamber of the General Assembly until the board

30

has attached a fiscal analysis; and

1	(ii) no amendment to any bill which proposes
2	amendment to expand, alter or reduce General Fund revenue
3	shall be considered by either chamber of the General
4	Assembly until the board has attached a fiscal analysis.
5	(3) If the board fails to attach a fiscal analysis
6	within 20 legislative days after a bill proposing to expand,
7	alter or reduce General Fund revenue has received first
8	consideration, the bill may be further considered in the same
9	manner as if the fiscal analysis had been attached to the
10	bill. If the board fails to attach a fiscal analysis within
11	20 legislative days after an amendment to a bill proposing to
12	expand, alter or reduce General Fund revenue has been
13	submitted to the board, the amendment may be considered in
14	the same manner as if the fiscal analysis had been attached
15	to the amendment.
16	(f) Evaluation
17	(1) The board shall periodically monitor and, using the
18	evaluation criteria set forth in section 2808-D, evaluate the
19	relationship of Commonwealth and local revenue systems to
20	fiscal policy in this Commonwealth and to changes and
21	developments in factors which impact the revenue systems.
22	Factors the board should consider include:
23	(i) General economic and demographic trends.
24	(ii) Patterns of business methods and organization.
25	(iii) Economic activity.
26	(iv) Federal and State legislative and
27	administrative actions.
28	(v) Accounting standards.
29	(vi) Regulatory requirements.
30	(2) At its discretion or upon request of the Governor or

- 1 the General Assembly, the board shall evaluate the impact of
- 2 any factor on the revenue systems in this Commonwealth and
- 3 recommend any revisions to policy that it deems advisable.
- 4 <u>Section 2807-D. Comprehensive fiscal review.</u>
- 5 (a) Purpose. -- The purpose of the comprehensive fiscal review
- 6 is to address the structural problems in the existing revenue
- 7 systems in this Commonwealth and, in turn, to develop a
- 8 consensus proposal for making Commonwealth and local revenue
- 9 systems straightforward, fair, efficient and reliable for
- 10 funding the public programs and services provided in this
- 11 Commonwealth. It is the intent of the General Assembly that the
- 12 proposal not result in excess revenues.
- (b) Review.--Within three months of the effective date of
- 14 this section, the board shall commence a review of the entire
- 15 <u>structure of Commonwealth and local revenue systems. Using the</u>
- 16 evaluation criteria set forth in section 2808-D, the board shall
- 17 make a comprehensive assessment of the revenue systems in this
- 18 Commonwealth and recommend a proposal to redesign and modernize
- 19 such systems.
- 20 (c) Final report. -- No later than 16 months after the
- 21 <u>effective date of this section, the board shall issue to the</u>
- 22 Governor and the General Assembly a final report containing its
- 23 evaluation of the Commonwealth and local revenue systems and
- 24 recommended proposal for improving the systems, including
- 25 supporting analysis, such as rationale and fiscal analyses.
- 26 Within 90 days of issuing the report, the board shall submit
- 27 suggested statutory language for implementing its
- 28 <u>recommendations</u>.
- 29 <u>(d) Publication.--Within 105 days of issuing the report</u>
- 30 required by subsection (b), the board shall publish in the

- 1 Pennsylvania Bulletin all of the following:
- 2 (1) A brief summary of the report.
- 3 (2) A notice of availability of the text of the report,
- 4 the statutory language for implementing the recommendations
- 5 set forth in the report and a fiscal analysis relating to the
- 6 recommendations.
- 7 (3) A request for written comments.
- 8 Section 2808-D. Evaluation criteria.
- 9 In carrying out its powers and duties under this article, the
- 10 board shall take into consideration all of the following:
- 11 (1) The simplicity of the taxes and the ability of
- individual taxpayers to easily understand and comply with
- 13  $\underline{\text{them.}}$
- 14 (2) The overall mix of taxes.
- 15 (3) Whether the tax burden is distributed fairly among
- 16 <u>taxpayers in terms of ability to pay and the relationship</u>
- between benefits received and payments made.
- 18 (4) The need to eliminate subjective interpretation of
- 19 taxes.
- 20 (5) The reliability of taxes and whether their bases
- 21 <u>yield automatic growth and cyclical stability in revenues</u>
- 22 <u>gene</u>rated.
- 23 (6) The collection and enforcement costs associated with
- 24 the various taxes and the ability to easily administer the
- 125 taxes.
- 26 (7) Whether the taxes create incentives for individuals
- 27 and firms to alter their behavior in order to minimize their
- 28 <u>tax burden</u>.
- 29 <u>(8) The system of taxation within various jurisdictions</u>
- 30 and the incentives for households to move and firms to

1	relocate activities to jurisdictions which provide more
2	favorable tax treatment.
3	(9) The value of tax incentives and whether they meet
4	the performance requirements on which they are based.
5	(10) The responsiveness of revenue systems to economic
6	and social conditions, including the following:
7	(i) Changes in the economic base, such as the shift
8	from manufacturing to services.
9	(ii) Changes in the types and forms of business
10	organizations, such as the formation of S corporations
11	and limited liability companies.
12	(iii) Expansion of interstate and international
13	businesses and transactions, which impacts nexus
14	requirements, apportionment methods and methods of
15	reporting, including combined or separate company
16	reporting.
17	(iv) Changes in technology and regulations, such as
18	in telecommunications and financial services.
19	(v) Goals of Commonwealth economic development
20	policy, such as targeted job creation and public
21	<u>investments.</u>
22	Section 2809-D. Economic Advisory Council.
23	(a) Establishment The Economic Advisory Council is
24	established to act in an advisory capacity to the board
25	concerning Commonwealth and local revenue systems, economic
26	conditions in this Commonwealth and General Fund revenue
27	forecasts, whenever the board calls upon it. The council shall
28	meet with the board at least once during each quarter of the
29	fiscal year.
30	(b) Membership

- 1 (1) The council shall consist of at least seven members.
- 2 (2) The council shall consist of a representative from
- 3 each of the following sectors: labor, manufacturing, banking,
- 4 <u>nonbanking financial services, retail and public utilities.</u>
- 5 (3) The board shall appoint each member for a two-year
- 6 <u>term based upon a majority vote.</u>
- 7 (4) If a vacancy occurs on the council, the vacancy
- 8 shall be filled within 60 days. An individual appointed to
- 9 fill a vacancy shall serve the unexpired term.
- 10 (c) Other offices.--A member may not seek or hold a position
- 11 as any other public official within this Commonwealth or as a
- 12 party officer while serving on the council. A member may not
- 13 <u>seek election as a public official or party officer for one year</u>
- 14 after service with the council. A member may serve as an
- 15 appointed public official any time after service with the
- 16 <u>council. A member may not be a lobbyist, as defined in 65</u>
- 17 Pa.C.S. § 13A03 (relating to definitions). A member may not be
- 18 an employee of the executive, legislative or judicial branch of
- 19 State government.
- 20 <u>Section 2810-D. Duties of the Governor and Cabinet officers.</u>
- 21 (a) Revenue forecast.--The Governor shall submit to the
- 22 board a documented revenue forecast with the submission of the
- 23 Executive Budget as required under section 613 and with the
- 24 <u>official estimate.</u>
- 25 (b) Confidentiality. -- Notwithstanding any statute or
- 26 regulation regarding confidential information to the contrary,
- 27 the Secretary of the Budget and the Secretary of Revenue shall
- 28 provide information which the board requests for purposes of
- 29 <u>fulfilling its duties under this article. The board shall be</u>
- 30 bound by the same statutes and regulations regarding

- confidentiality as the person that provides the confidential 1
- 2 <u>information to the board.</u>
- 3 (c) Information and reports. -- In order to facilitate the
- board's carrying out its powers and duties under section 2806-4
- 5 D(d), the Secretary of the Budget and Secretary of Revenue shall
- make available to the board all information and reports used for 6
- 7 generating General Fund revenue forecasts.
- Section 5. This act shall take effect immediately. 8