

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 2852 Session of  
1992

INTRODUCED BY EVANS, WOZNIAK, DeWEESE, ARNOLD, KREBS, SURRA,  
RUDY, KUKOVICH, COY, VEON, CARONE, MUNDY AND STEELMAN,  
JUNE 16, 1992

REFERRED TO COMMITTEE ON APPROPRIATIONS, JUNE 16, 1992

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.

19 [(a) Appropriated funds.--The General Assembly may at any  
20 time provide additional amounts from any funds available to this

1 Commonwealth as an appropriation to the Tax Stabilization  
2 Reserve Fund.

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

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

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

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

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

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

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

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

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

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

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

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

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

26            (2) Calculate the quotient of the result of paragraph  
27            (1) divided by the adjusted personal income for the current  
28            fiscal year. This quotient is the change in the annual growth  
29            rate and shall be expressed as a percentage and shall be  
30            rounded to the nearest 0.1%.

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

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

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

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

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

25     (h) Transfer from budgetary reserve.--As soon as the Budget  
26 Secretary certifies the ending balance of the fiscal year for  
27 which the appropriation was budgeted, the amount to be  
28 transferred from budgetary reserve to the fund shall be  
29 calculated in the following manner:

30         (1) If the General Fund ending balance is greater than

or equal to zero:

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

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

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

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

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

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

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

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

"Fund." The Tax Stabilization Reserve Fund.

"Implicit price deflator for the gross national product." The implicit price deflator for the gross national product, or

1 its equivalent, which is available from the United States Bureau  
2 of Economic Analysis.

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

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

9 Section 2. This act shall take effect immediately.