



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 493

PRINTERS NO. 2493

PRIME SPONSOR: Gabler

COST / (SAVINGS)

FUND	FY 2013/14	FY 2014/15
General Fund	\$0	\$0

SUMMARY: House Bill 493, printer's number 2493, amends the act of February 9, 1999 (P.L. 1, No. 1), known as the Capital Facilities Enabling Act, as amended, to address the provisions in the Act dealing with redevelopment assistance capital projects (RACP) and the limitations on maximum allowable debt outstanding for RACP. The bill also modifies provisions related to capital project itemization bills and debt authorization bills. Effective date is immediately after enactment.

ANALYSIS: The bill amends the Capital Facilities Debt Enabling Act by making technical changes to make the requirements of the Act clearer. Substantive changes are also made and are outlined as follows:

- Adds a definition for "Community Asset Project," which is a project which provides significant benefit or improvement to a community. The term includes cultural, recreational and historical projects and any other project of civic significance.
- Adds tunnels to the list of infrastructure improvements that are allowable as part of a RACP so long as it is associated with a project that is part of an economic development project.
- Modifies language to clarify that storm water projects are an allowable part of infrastructure associated with economic development projects.
- Modifies the definition of RACP to include community asset projects and housing projects that will support and generate economic activity and are part of a community revitalization plan.
- Requires that each project itemized in a capital project itemization bill include a specific description of the project, including the municipality in which the capital project is located.
- Reduces the cap on the maximum amount of RACP debt that may be outstanding from \$4,050,000,000 to \$3,450,000,000.
- Specifies that no RACP may receive funds unless the project was itemized in a capital project budget itemization bill, a capital budget bill or a capital project itemization bill enacted within 10 years of the date the project is approved.
- Increases the amount of RACP debt that may be outstanding for housing units by \$25,000,000 to \$50,000,000. NOTE: Act 82 of 2010 specified that another \$25,000,000 of RACP debt outstanding could be used for the construction of housing units, so the

housing unit RACP debt cap is currently \$50,000,000; therefore, with the bill, as amended, the amount of RACP debt that may be outstanding for housing units would be \$75,000,000.

- Requires the Office of the Budget to establish guidelines concerning the administration of and approval process for RACP within 60 days of the effective date of the act. The guidelines shall, at a minimum, establish application timelines, application content, and the review, evaluation and award criteria and process. The criteria shall reflect population and geographic distinctions of various communities throughout the Commonwealth. Guidelines must be posted on the Internet website of the Office of the Budget.
- Provides that the Office of the Budget must allow for a 30-day public comment period prior to the Budget Secretary's approval of an RACP application.
- Requires that upon approval of a RACP, the Budget Secretary must notify the applicant, leadership of the Senate and the House of Representatives, as well as the Senator or State Representative in whose district the RACP is located.
- Requires an applicant to notify the Office of the Budget of acceptance of a RACP grant within 30 days of being notified of a RACP approval. Upon acceptance by the applicant, the Office of the Budget shall forward a grant agreement to the applicant who shall execute the agreement/contract and provide a statement and proof of local funding in addition to other specified information. Applicants must return the executed contract within the timelines established by the Office of the Budget.
- Requires the Office of the Budget to post on its Internet website a list of approved RACP, including the name of the applicant, location, amount of the RACP grant, and a short description of the project.

FISCAL IMPACT: The enactment of this legislation will have no immediate impact on Commonwealth funds. To the extent RACP debt issuance decreases in the future due to the \$600,000,000 mandated reduction in the RACP maximum debt outstanding cap, debt service payment obligations of the Commonwealth will also decrease. While exact savings cannot be determined since debt service costs will be dependent upon the timing of bond sales and interest rates set at the time of the sales, an estimate of debt service payments that can be avoided based on each \$100,000,000 of bonds not sold, assuming level annual debt service and an interest rate of 3.5%, will be \$7,036,000 annually or \$140,722,000 over 20 years.

Costs associated with the preparation of RACP guidelines and posting requirements on its Internet website can be accommodated within the Office of the Budget's current funding allocation.

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House Appropriations Committee (R)
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Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.