HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 928 **PRINTERS NO**. 2409 **PRIME SPONSOR**: Mentzer

COST / (SAVINGS)

FUND	FY 2015/16	FY 2016/17
General Fund	**$0**	**$0**

SUMMARY: House Bill 928, printer's number 2409, amends the act of February 9, 1999 (P.L. 1, No. 1), known as the Capital Facilities Debt Enabling Act, as amended, to further provide for appropriation for and limitation on redevelopment assistance capital projects (RACP) and for administration of RACP. Effective date is immediately after enactment.

ANALYSIS: The bill amends Section 317(b) of the Capital Facilities Debt Enabling Act by adding language to reduce the current cap of $3,450,000,000 on the maximum amount of RACP debt that may be outstanding to $2,950,000,000. The reduction in the RACP debt limitation is to occur over a ten-year period beginning July 1, 2018. The cap shall be decreased by $50,000,000 per year.

The bill also amends Section 318 of the Capital Facilities Debt Enabling Act by adding language to require that RACP grant agreements include a signed affidavit that the applicant must hold at least one public informational meeting regarding the project before construction begins. If an applicant significantly alters an approved redevelopment assistance capital project after a contract has been executed, the applicant shall hold an additional public informational meeting to discuss with the public the alteration to the project before construction can begin. The public meeting must be held within a 10-mile radius of the RACP site. Expenses for the public meeting must be paid by the applicant.

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 $500,000,000 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 amount, timing and interest rates of future bond sales, an estimate of debt service payments that can be avoided based on each $50,000,000 of bonds not sold, assuming level annual debt service and an interest rate of 3.8%, will be $3,614,000 annually or $72,285,000 over 20 years.

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House Appropriations Committee (R)
DATE: October 20, 2015

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.