



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 1221

PRINTERS NO. 1884

PRIME SPONSOR: Costa

COST / (SAVINGS)

FUND	FY 2016/17	FY 2017/18
General Fund	\$0	\$0
Intergovernmental Cooperation Authority	\$0	\$0
City of Pittsburgh	\$0	\$0

SUMMARY: Amends the Intergovernmental Cooperation Authority Act for Cities of the Second Class (Act 11 of 2004) by providing for various reforms and making it more transparent and accountable to the public. This legislation would take effect in 60 days.

ANALYSIS: This legislation:

- Defines the term “gaming revenue” as the local share assessment collected from gaming revenue by the Department of Revenue for distribution to municipalities hosting licensed facilities under Title 4 Ch. 14 (relating to revenues);
- Amends Section 202 of the act (relating to governing board) to clarify that action may be taken by the governing board (“board”) of the Pittsburgh Intergovernmental Cooperation Authority (“ICA”) by a majority of the board members present;
- Clarifies the statutes applicable to the board (i.e. the Sunshine Act, the Right-to-Know Law, the State Adverse Interest Act, and the Public Official and Employee Ethics Act), and expands the list of applicable statutes to include the Procurement Code; and
- Specifies that the State Adverse Interest Act and the Public Official and Employee Ethics Act also apply to the executive director of the Pittsburgh ICA.

ICA Reporting: This legislation requires the ICA to include a detailed accounting on gaming revenue distributed under Title 4 §1403(c)(3)(xv) (relating to the establishment of the State Gaming Fund and net slot machine revenue distribution). The report shall also include an accounting of the new provisions of Section 210.1 (relating to the distribution of gaming revenue), including the status of all gaming revenue not yet distributed, and demonstrate compliance with the section’s procedures and requirements.

This legislation requires the ICA to establish and maintain a publicly accessible Internet website containing the following:

- Intergovernmental cooperation agreements;
- Annual report describing the assisted city's financial condition and the ICA's progress;
- Annually adopted budget;
- Required audits; and
- Contracts that the ICA has entered into with third parties.

ICA Record Retention: This legislation stipulates that the ICA shall adopt and publish a records retention policy that is consistent with the Commonwealth's General Records Retention and Disposition Schedule, and it requires the policy to be updated annually to remain consistent with the Office of Administration.

This legislation provides that the DCED Secretary may not certify that the ICA is no longer necessary until oversight is terminated under the Municipalities Financial Recovery Act (Act 47 of 1987), or June 30, 2019, whichever is later.

Distribution of Gaming Revenue: This legislation requires gaming revenue to be redistributed to an assisted city to increase the level of funding to the municipal pension funds of an assisted city, if the ICA is terminated and the gaming revenue was distributed to and under exclusive control of the ICA. Such revenues shall be in addition to and shall not replace the minimum obligation that the assisted city is required to contribute to its pension fund under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984).

This legislation adds a new Section 210.1 which specifies that not less than 30 days preceding each scheduled quarterly distribution of local share gaming revenue, the board shall vote whether or not to direct the assisted city to use gaming revenues pursuant to Title 4 § 1403 (c)(3)(xv), which authorizes gaming revenues to be used for debt reduction, increased pension funding or any other purpose as determined in the best interest of the second class city by the ICA. If the ICA votes to require an assisted city to use gaming revenue for debt reduction or increased pension funding, the ICA shall notify the Budget Secretary, the Commonwealth shall distribute the gaming revenue directly to the assisted city, and the assisted city shall use the gaming revenue as directed by the ICA. If the ICA votes to direct an assisted city to use gaming revenue for a purpose without conditions, the ICA shall notify the Budget Secretary, and the Commonwealth shall distribute the gaming revenue directly to the assisted city as provided for under Title 4 § 1403 (c)(3)(i) to be used by the assisted city as directed by the ICA.

This legislation requires the ICA, within five days from the time of the vote, to transmit in writing to the assisted city and the Budget Secretary any conditions that the assisted city

must meet, including the purpose and time period for meeting the conditions, before distribution of the gaming revenue may be made to the assisted city. If the assisted city provides information that meets the conditions imposed by the ICA, the ICA shall certify its decision to the Budget Secretary, and the Commonwealth shall distribute the gaming revenue directly to the assisted city. If the assisted city requires additional time to meet the required conditions, it shall reply to the ICA in writing with an update on the process needed to meet the conditions and a projection of the time period. The ICA shall notify the Budget Secretary if the assisted city is not in compliance and that no distribution of gaming money shall be made until the conditions are met. The authority shall, by majority vote, determine when the assisted city is in compliance and notify the Budget Secretary, at which time the Secretary shall release gaming funds held in escrow (including interest and income earned) directly to the assisted city.

If the assisted city and ICA disagree regarding whether conditions have been met, the assisted city may request that the Budget Secretary make a determination that the assisted city has met the conditions.

If the Budget Secretary determines that the conditions have been met, the Secretary shall provide notice to the assisted city and authority and shall release the gaming funds held in escrow directly to the assisted city. If the Budget Secretary determines that the conditions have not been met, the Secretary shall provide notice to the assisted city and authority and require that the assisted city continue to meet the conditions. The Secretary is prohibited from distributing the gaming revenue until satisfied that the assisted city has met the conditions.

FISCAL IMPACT: This legislation would have no adverse fiscal impact on Commonwealth, Intergovernmental Cooperation Authority, or City of Pittsburgh funds. Under the Intergovernmental Cooperation Authority Act for Cities of the Second Class, the budget for the ICA is to be funded by both the Commonwealth of Pennsylvania and the City of Pittsburgh. The General Assembly provided \$250,000 for the ICA for the 2016-17 fiscal year.

The legislation places further conditions on the distribution of gaming revenues from the local share assessment to the ICA for the benefit of the City of Pittsburgh. However, the legislation will have no impact on the overall amount of gaming revenues that will be distributed.

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House Appropriations Committee (R)

DATE: July 10, 2016

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