



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 2638

PRINTERS NO. 4211

PRIME SPONSOR: Stephens

COST / (SAVINGS)

FUND	FY 2018/19	FY 2019/20
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 2638, Printer's Number 4211, amends the Transit Revitalization Investment District Act (Act 238 of 2004) providing for military installation remediation and water, sewer and storm water remediation within qualified municipalities.

ANALYSIS: This legislation adds Chapter 3-A creating the Remediation Program to address remediation costs incurred in a qualified municipality. A qualified municipality is a municipality which has within its geographic bounds a qualified former military installation or water, sewer or storm water pollution identified by United States Environmental Protection Agency or the Department of Environmental Protection. Qualified projects include (1) the costs of remediation relating to pollution, (2) the transportation infrastructure and economic development costs within a qualified municipality to encourage redevelopment and (3) the cost of remediation relating to water, sewer or storm water projects.

A qualified former military installation is a parcel that was previously used by a branch of the United States Armed Forces for a military installation that was closed based on the recommendation of the Defense Base Closure and Realignment Commission no more than 15 years prior to the effective date. A qualified authority is a municipal authority established under 53 Pa.C.S. Ch. 56 after the effective date for the purpose of issuing grants for a remediation project.

A qualified authority shall submit an application to the Department of Revenue which shall include the following: (1) a list of the parcels as designated by the authority including a qualified former military installation, parcels previously subject to development restrictions, no more than 100 acres of parcels which are deteriorated and parcels having water, sewer or storm water pollution; (2) a copy of the development plan, relevant geographic data, parcel numbers and economic impact report including potential State and local revenue impacts; and (3) a certificate from the local governing boards that approves designating local taxes to be part of the qualified taxes. An application approved shall be in effect for a period no later than 30 years from the effective date of the act.

By June 1 following the effective date and each June 1 thereafter, a qualified authority shall file with the department a list of all qualified taxpayers located in the designated parcels for the prior calendar year. If the list is not timely filed, no eligible taxes may be certified by the department. By June 15 following the effective date and each June 15 thereafter, each qualified taxpayer shall file a program report with the department that includes the amount of each qualified tax paid and the amount of each qualified tax refund received in the prior calendar year. By November 15 following the effective date and each November 15 thereafter, the department shall certify to the Office of the Budget the amount of eligible tax

paid by each qualified taxpayer and the amount of State tax refunds received less the amount of eligible State tax paid. Within 10 days of receiving the certification, the Office of the Budget shall direct the State Treasurer to transfer the amount of certified qualified tax from the General Fund to a restricted account within the Remediation Fund and such transfer of funds shall occur within 10 days of receiving the direction.

Monies in the fund may only be utilized for remediation projects, payment of debt service on bonds issued or refinanced for the acquisition, development, construction, reconstruction, renovation or refinancing of remediation projects, including related infrastructure and site preparation as well as operational costs of the qualified authority. Monies transferred to the fund may not exceed 500% of the local taxes and additional money designated and transferred to the qualified authority for the prior year. Any excess money shall be returned to the State Treasurer and deposited into the General Fund by April 15.

The governing body of a qualified authority shall consist of the following members: (1) a member of the Senate who resides in the qualified municipality; if none, the Senate pro tempore shall appoint a permanent resident of the municipality; (2) a member of the House of Representatives who resides in the qualified municipality; if none, the Speaker of the House of Representatives shall appoint a permanent resident of the municipality; (3) one permanent resident appointed by a school district which has within its geographic bounds a qualified former military installation; (4) one permanent resident appointed by an authority established to redevelop the qualified former military installation; and (5) one permanent resident appointed by the governing body of the qualified municipality. Members appointed under (1), (2) and (4) above shall serve a 5-year term. All other members shall serve a 3-year term.

The act shall take effect immediately.

FISCAL IMPACT: Enactment of this legislation will provide funds to pay costs of qualified remediation projects by redirecting State tax revenues, which are generated from a specified list of parcels located within the geographic bounds of the municipality, from the General Fund to the qualified authority. There are currently 2,560 municipalities in Pennsylvania. The exact fiscal cost is unknown and will depend on the number of qualified municipalities that are approved, the parcels that are designated within the municipality, the cost of the remediation projects and the amount of economic activity generated from the designated parcels located in the qualified municipalities.

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House Appropriations Committee (R)

DATE: October 11, 2018

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