



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1232

PRINTERS NO. 3500

PRIME SPONSOR: Dunbar

COST / (SAVINGS)

FUND	FY 2019/20	FY 2020/21
General Fund	See Fiscal Impact	See Fiscal Impact

SUMMARY: House Bill 1232, Printer's Number 3500, amends the act of April 9, 1929 (P.L. 343, No. 176), known as The Fiscal Code, providing for emergency finance and tax provisions, for COVID-19 response transfers and for the Enhanced Revenue Collection Account (ERCA).

ANALYSIS: Current law provides that by June 1, 2020, and each June 1 thereafter, the Department of Revenue shall issue a report to the Governor and General Assembly with a detailed breakdown of the department's administrative costs in implementing the ERCA program. House Bill 1232 delays the date of issuance for the first report to June 5, 2020.

Additionally, this legislation adds several provisions in response to the Governor's March 6, 2020, Proclamation of Disaster Emergency. Article I-A is added providing emergency finance and tax provisions for the state personal income tax and the local earned income tax. Section 102-A provides that during the state of disaster emergency the Department of Revenue shall extend filing and payment deadlines for the 2019 state individual income tax returns as well as the 2020 first quarter and second quarter estimated filings and payments to be in conjunction with the delayed Federal filing date which now stands as July 15, 2020. Interest, penalties or additions to tax shall be disregarded as long as the return and payment are received by July 15, 2020. In a similar fashion, Section 103-A provides that the Department of Community and Economic Development shall coordinate with the governing bodies and local agencies of political subdivisions to extend the same filing dates as they apply to the local earned income taxes. Sections 102-A and 103-A shall expire July 31, 2020.

Section 1735-A.1 is added providing COVID-19 response transfers for assistance to the Commonwealth's health care system. This section authorizes the Budget Secretary to transfer the sum of \$50 million from special funds under the Governor's jurisdiction to a restricted account within the General Fund. Monies in this fund shall be used to acquire medical equipment and supplies for health care entities to meet urgent patient and staff needs to address surge demand. Health care entities shall include, but not be limited to, hospitals, nursing facilities and emergency medical services. The Budget Secretary shall only be authorized to make transfers under this subsection to the extent that funding authorized by the Federal Government and the Governor's disaster proclamation are insufficient to meet the needs of the Commonwealth's COVID-19 response and may not make a transfer of funds if such transfer would result in a deficit in any of the special funds.

The Budget Secretary shall provide notification to the Appropriations Committees of the Senate and House of Representatives 24 hours prior to making any transfers which shall include the name of the special fund and the dollar amount to be transferred. The authority to transfer funds under this subsection shall expire on September 30, 2020.

Beginning June 1, 2020, and the first day of each month thereafter, the Budget Secretary shall provide a report to the General Assembly detailing all spending related to the COVID-19 response made during the preceding month. Such report shall include funding made available through the Federal Government, the Governor's disaster proclamation, an agency budget or the transfers made under this section and include a detailed explanation of the purposes of the spending including the recipient and the dollar amount.

Section 1736-A.1 is added providing that the temporary regulations authorized and published under the Medical Marijuana Act shall remain in effect and shall not expire until November 20, 2021, or upon publication of final-form regulations, whichever is sooner.

The addition of Article 1-A shall take effect immediately and the remainder of the act shall take effect July 1, 2019, or immediately, whichever occurs later.

FISCAL IMPACT: The addition of Article 1-A delays state and local filing and payment dates for both annual and estimated personal income tax payments and earned income tax payments to conform to the delayed Federal filing date of July 15, 2020. The result of this change will shift tax collections from 2019-20 into 2020-21. However, this delay of the tax filing and payment date does not change the amount of tax due and payable.

Section 1735-A.1 authorizes a total amount of \$50 million to be transferred out of special funds into a restricted account within the General Fund. To the extent the Governor transfers monies from any special fund, such special fund will realize a reduced fund balance; however, such transfer may not occur if it results in a deficit balance in the special fund.

The delay to June 5, 2020, of the issuance of the ERCA report and the extension of the temporary regulations under the Medical Marijuana Act to November 20, 2021, will have no adverse impact on Commonwealth funds.

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House Appropriations Committee (R)

DATE: March 25, 2020

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