



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

SENATE BILL NO. 109

PRINTERS NO. 102

PRIME SPONSOR: Pittman

As amended by: A00297

COST / (SAVINGS)

FUND	FY 2020/21	FY 2021/22
General Fund	See fiscal impact	
Workers' Compensation Security Fund	See fiscal impact	
COVID-19 Response Restricted Account (Federal Funds)	See fiscal impact	

SUMMARY: Senate Bill 109, printer's number 102, as amended by A00297, amends the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, providing for the appropriation and program requirements associated with COVID-19 Relief dollars allocated to the Commonwealth via United States House Resolution 133, known as the Consolidated Appropriations Act, 2021. Upon enactment, this act shall take effect immediately.

ANALYSIS & FISCAL IMPACT:

Article I-A. Emergency Finance and Tax Provisions

(New) Section 104-A. Nontaxability of Certain Income (A)

A new section is added to exclude forgiveness of Paycheck Protection Program (PPP) Loans from income under Article III (Personal Income Tax) of the Tax Reform Code.

Fiscal Impact-PPP loans that are forgiven are not included in taxable income for Federal tax purposes. Because the PA corporate net income tax base (CNIT) conforms to the Federal tax base as a starting point, PPP loans that are forgiven are not taxable under the Pennsylvania CNIT. However, the Pennsylvania personal income tax (PIT) does not conform to the Federal individual income tax base and as a result, there is uncertainty as to whether such forgiveness of PPP loans would be considered taxable income for Pennsylvania PIT purposes. This legislation conforms and clarifies the treatment of PPP loan forgiveness under the Pennsylvania PIT. Without this clarifying language, the department would have the ability to include such forgiveness in the taxable income of the taxpayer and the Independent Fiscal Office (IFO) estimates that this could result in a tax increase on small businesses of \$100 million.

(New) Section 104-A. Nontaxability of Certain Income (B)

This section also excludes Economic Impact Payments (stimulus checks) to individuals from income under Article III (Personal Income Tax) of the Tax Reform Code.

Fiscal Impact- According to the Department of Revenue economic impact payments (stimulus checks) are not subject to Pennsylvania personal income tax. The payment is considered a rebate that is non-taxable in Pennsylvania.

Article I-C. Emergency COVID-19 Response

Subarticle D. Department of Community and Economic Development

(New) Section 134-C. Hospitality Industry Recovery Program

A section is added to appropriate funding to the Department of Community and Economic Development (DCED) and establish the Hospitality Industry Recovery Program. Funding will be proportionally allocated to each county as a block grant and will be administered by a local certified economic development organization (CEDO) or a community development financial institution (CDFI). The funds shall be made available as grants to eligible applicants from the hospitality industry, including hotels, restaurants, bars, and taverns.

Fiscal impact-The sum of \$145,000,000 is to be allocated for the program. Grants may be issued in \$5,000 increments. The maximum grant award is limited to \$50,000 per applicant. A CEDO or a CDFI may assess an application fee not to exceed \$500. The funding for the program will be provided through a transfer from the Workers' Compensation Security Fund. The transfer is to be treated as a loan to be repaid by July 1, 2029 or within 180 days of the federal government providing flexible stimulus dollars to the Commonwealth. Any unused funds from the program shall be redeposited into the Workers' Compensation Security Fund.

Subarticle E. Department of Education

(New) Section 141-C. Emergency Education Relief to Nonpublic Schools

Senate Bill 109 appropriates GEER funds set aside by federal law to assist nonpublic schools, which will be administered by the PA Department of Education (PDE).

Fiscal Impact-The sum of \$150,023,000 is appropriated for nonpublic schools.

(New) Section 142-C. Emergency Education Relief to Educational Entities

Senate Bill 109 provides for the additional distribution of discretionary GEER funds, which will be disbursed to educational entities.

Fiscal impact-The sum of \$47,075,000 is appropriated from the discretionary GEER allocation, of which \$20,000,000 shall be for career and technical schools, \$8,075,000 shall be for charter schools for the deaf and blind, approved private schools, and private residential rehabilitative institutions, \$5,000,000 for the State System of Higher Education, and \$14,000,000 for community colleges.

Subarticle J. Pennsylvania Housing Finance Agency

Subarticle J is repealed from the fiscal code, which eliminates the Mortgage and Rental Assistance Program that was administered by the Pennsylvania Housing and Finance Agency.

(New) Article I-D. Rental and Utility Assistance Grant Program

Senate Bill 109 establishes the Rental and Utility Assistance Grant Program. The legislation provides for a proportionate share to be provided to all counties, to be distributed by the PA Department of Human Services (DHS).

Fiscal impact-The sum of \$569,808,000 will be proportionally allocated to all counties in the Commonwealth based on U.S. Census data.

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