

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2175

PRINTER'S NO. 3196

AMOUNT

No Fiscal Impact

FUND

General Fund

DATE INTRODUCED

February 7, 2012

PRIME SPONSOR

Representative Turzai

HISTORY OF BILL

Referred to FINANCE, Feb. 7, 2012
Reported as amended, Feb. 13, 2012
First consideration, Feb. 13, 2012
Laid on the table, Feb. 13, 2012
Removed from table, Feb. 14, 2012
Second consideration, with amendments, Feb. 15, 2012
Re-committed to APPROPRIATIONS, Feb. 15, 2012
(Remarks see House Journal Page), Feb. 15, 2012
Re-reported as committed, March 12, 2012
Third consideration, with amendments, March 12, 2012
Final passage, March 12, 2012 (184-9)
(Remarks see House Journal Page), March 12, 2012
In the Senate
Referred to APPROPRIATIONS, June 15, 2012
Reported as committed, June 27, 2012
First consideration, June 27, 2012

DESCRIPTION AND PURPOSE OF BILL

House Bill 2175 amends the Capital Facilities Debt Enabling Act (Act of February 9, 1999, P.L. 1, No. 1) to make several programmatic changes relating to Redevelopment Assistance Capital Project (RACP) provisions and the capital project itemization bill.

Specifically, this legislation does the following:

- Immediately decreases the RACP debt limit from \$4.05 billion to \$3.5 billion, a decrease of \$550 million. From July 1, 2012 through and including July 1, 2019, the debt ceiling for RACP will be lowered by \$50 million per year. From July 1, 2020 and each July 1st thereafter, the debt ceiling for RACP will be decreased by \$150 million per year until it reaches \$1.5 billion;

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

- Amends the definition of a capital project to add community college as a separate category and clarifies that infrastructure can be funded as a part of a capital project. Types of eligible RACP projects are expanded to include storm water or sewer infrastructure or tunnels, bridges and roads if they are associated with an economic development project. The project needs to generate substantial increases in, or maintain current levels of, economic activity. The project will have substantial regional or multijurisdictional economic impact. The project will have a total project cost of at least \$1 million which includes at least 50% non-State funding participation;
- Requires the Governor to submit a capital project itemization bill to the General Assembly at least once each legislative session;
- Requires the Secretary of the Budget to provide the House and Senate Appropriations Committees with a quarterly report relating to RACP projects. The report must contain the following:
 - An itemized list of the RACP projects that are approved in the preceding quarter;
 - An estimate of the amount of funds remaining under the cap;
 - An estimate of the total outstanding debt related to RACP projects;
 - An estimate of the outstanding debt related to RACP projects which be paid in the next four quarters.
- Requires the Governor's Budget Office (GBO) to establish guidelines concerning the administration of and approval process for RACP projects within 60 days after the bill has become law. GBO may give preference to projects with at least 75 percent non-state financial funding. The guidelines must be posted on the GBO website. Guidelines would include application timelines, application content, evaluation criteria and award criteria. Information about approved RACP projects would be posted on GBO's website; and
- Requires GBO to post on its website the date of approval of the project, the name of the applicant, a short description of the project, the location of the project (including the municipality in which it is located) and the amount of the project grant approved for the project when a RACP project is approved.

This act shall take effect immediately.

FISCAL IMPACT:

Senate Bill 2175 will have no immediate fiscal impact to the Commonwealth. As RACP debt issuance decreases due to the mandated reductions in the RACP maximum debt outstanding cap, debt service payment obligations of the Commonwealth will also decrease. It's estimated to save \$6.941 million annually for each \$100 million in bonds not issued as a result of this legislation.

Costs associated with the preparation of RACP guidelines and posting requirements on GBO's Internet website can be absorbed within the Office's current funding level.