

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 2355

PRINTER'S NO. 3897

AMOUNT

\$1,295,000,000

FUND

Capital Facilities Fund
Maximum Additional Authorized Debt

DATE INTRODUCED

June 18, 2014

PRIME SPONSOR

Representative Adolph

DESCRIPTION AND PURPOSE OF BILL

House Bill 2355 Printer's Number 3770, as amended, provides for the Capital Budget and Project Itemization Act of 2014-2015. The Act establishes the maximum bond indebtedness that the Commonwealth may incur during the fiscal year for capital projects specifically itemized in a capital budget project itemization act. Additionally, this legislation itemizes capital projects in the aggregate amount of \$20,000,000, which will be financed by the incurring of debt. Debt service for debt-funded projects would be paid from the General Fund in the form of annual appropriations to the Treasury for general obligation debt service.

This legislation sets the maximum authorizations at the following amounts:

- Public Improvement Projects: \$725,000,000
- Furniture and Equipment Projects: \$ 50,000,000
- Transportation Assistance Projects: \$175,000,000
- Redevelopment Assistance Projects: \$335,000,000
- Flood Control Projects: \$ 10,000,000

Total: \$1,295,000,000

This act shall take effect immediately.

FISCAL IMPACT:

The Constitution of the Commonwealth of Pennsylvania limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter approved and disaster relief debt are not subject to the constitutional debt limit.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

According to the Governor's Executive Budget Request for FY 2014-2015, the average tax revenues during the previous five (5) fiscal years are \$36,360,576,000 resulting in a debt limit of \$63,631,008,000. The Commonwealth's outstanding capital budget debt at the end of FY 2013-2014 will be \$10,123,248,000, which is 16.4% of the Constitutional limit and represents a projected increase of .5% from the previous fiscal year.

Capital projects included in this bill are debt financed by the sale of bonds. These projects are authorized in the amount of \$20,000,000. In addition to the amortization of the bonds, an additional cost to the Commonwealth is the interest on the bonds that are sold. The cost to the General Fund cannot be determined at this time since the interest rate will be set at the time of the sale of such bonds.