

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 928

PRINTER NO. 2409

AMOUNT

No Immediate Fiscal Impact

FUND

General Fund

DATE INTRODUCED

May 11, 2015

PRIME SPONSOR

Representative Mentzer

DESCRIPTION AND PURPOSE OF BILL

House Bill 928 amends the Capital Facilities Debt Enabling Act (Act of February 9, 1999, P.L. 1, No. 1), as amended, to provide for a reduction in the Commonwealth's outstanding debt related to Redevelopment Assistance Capital Projects (RACP) and provide for limitation on RACP's and the administration of the RACP Program.

Specifically, this legislation does the following:

- Amends Section 317(b) by reducing the current cap of \$3,450,000,000 on the maximum amount of outstanding RACP debt that may be outstanding to \$2,950,000,000. This \$500 million reduction is to occur over a 10-year period beginning July 1, 2018 and shall be decreased at the rate of \$50 million per year on each July 1 thereafter; and

Amends Section 318 by adding language that requires all RACP grant agreements to General Fund

- include a signed affidavit that the applicant will hold at least one public informational meeting regarding the project before construction begins and additional public informational meetings if the project is significantly altered by the applicant. The public informational meetings must be held within a ten-mile radius of the project site. All expenses for such meetings shall be paid by the applicant.
- If an applicant significantly alters an approved redevelopment assistance capital project after a contract has been executed, the applicant shall hold an additional public informational meeting to discuss with the public the alteration to the project before construction can begin. The public meeting must be held within a 10-mile radius of the RACP site. Expenses for the public meeting must be paid by the applicant.

This act shall take effect immediately.

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FISCAL NOTE

FISCAL IMPACT:

Enactment of this legislation will have no immediate fiscal impact on Commonwealth funds, but will reduce the Commonwealth's Redevelopment Assistance Capital Projects related debt limit by \$500 million.

As RACP debt issuance decreases due to the mandated reduction of \$500 million in the RACP maximum debt outstanding cap, debt service payment obligations of the Commonwealth will also decrease. While exact savings cannot be determined since debt service costs will be dependent upon the timing of bond sales and interest rates at the time of the sales, an estimate of debt service payments that can be avoided based on each \$50 million of bonds not sold, assuming level annual debt service and an interest rate of 3.8%, will be \$3,614,000 annually or \$72,285,000 over 20 years.