

**SENATE APPROPRIATIONS COMMITTEE
FISCAL NOTE**

BILL NO. House Bill 1589

PRINTER NO. 3086

AMOUNT

See Fiscal Impact

FUND

Various

DATE INTRODUCED

February 5, 2016

PRIME SPONSOR

Representative Causer

DESCRIPTION AND PURPOSE OF BILL

The provisions in House Bill 1589 are similar to HB 1327 that was vetoed by Governor Wolf. The language that was included in HB 1327 for the basic education funding formula, Ready to Learn Block Grant, PlanCon, the Clean Power Plan, and the oil and gas regulations is not included in HB 1589.

House Bill 1589 addresses the fiscal operations, revenue and potential liabilities of the Commonwealth that must be addressed in order to meet the requirements of Article VIII, Section 13 of the Pennsylvania Constitution, and to implement the General Appropriation Act of 2015. A summary of the bill's provisions and their related fiscal impacts follows.

FISCAL IMPACT:

Financial Recovery

As of the date of termination of distressed status, a city of the second class A that is levying a Local Services Tax (LST) in excess of the \$52, may continue to levy the LST and apply those excess revenues to defray the municipality's unfunded actuarial accrued pension liabilities.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Environmental Stewardship Fund

Reduces the statutory annual transfer from the Oil and Gas Lease Fund to the Marcellus Legacy Fund for transfer to the Environmental Stewardship Fund for FY 2015-16 to \$20 million. Distributes Environmental Stewardship Fund moneys to agencies to ensure that mandatory debt service continues to be paid and preserves the funding for the Agricultural Conservation Easement Program.

Fiscal Impact: The transfer from the Oil and Gas Lease Fund will be \$20 million in FY 2015-16.

Department of Community and Economic Development

Provides language necessary to allow a business which participates in the Educational Improvement Tax Credit and Opportunity Scholarship Tax Credit programs during FY 2015-16 to utilize the credit in either the tax year in which the application was submitted or the tax year in which the contribution was made.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

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Budget Stabilization Reserve Fund (Rainy Day Fund)

Section 1702-A of the Fiscal Code is amended to state that no amount of the surplus in the General Fund for FY 2014-15 may be deposited into the Budget Stabilization Reserve Fund (Rainy Day Fund).

Fiscal Impact: The enactment of this provision will retain a projected \$68 million in the General Fund.

State Workers' Insurance Board

Section 1732-A, Subarticle D (relating to State Workers' Insurance Board investments) expired on June 30, 2015. The bill reenacts and amends sections 1731-A and 1732-A to establish the sunset date as June 30, 2018. This bill applies the extension of the sunset provision retroactively to June 30, 2015.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Pennsylvania Gaming Economic Development and Tourism Fund

The legislation provides direction for \$22 million of Act 13 impact fee funds available to the Commonwealth Financing Authority for H2O PA water and sewer projects in FY 2015-16 and FY 2016-17.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Tobacco Settlement Fund

The legislation provides that money in the fund from a payment received due to the recalculation of a prior annual payment shall remain in the Tobacco Settlement Fund to be separately appropriated for health-related purposes.

For FY 2015-16 the distribution of Tobacco Settlement Fund payments are as follows:

- 13% for home-based and community-based services (\$39,641,000);
- 4.5% for tobacco use prevention and cessation programs (\$13,722,000);
- 12.6% for health and related research under Section 906 of the Tobacco Settlement Act (\$38,421,000);
- 1% for health and related research under Section 909 of the Tobacco Settlement Act (\$3,049,000);
- 8.18% for the Uncompensated Care Payment Program (\$24,943,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$91,479,000); and
- 30.72% shall remain in the fund to be separately appropriated for health-related purposes (\$93,676,000).

Fiscal Impact: The percentage allocations together with the anticipated Strategic Contribution payment of \$20,710,000 results in appropriations from the Tobacco Settlement Fund for health related programs in FY 2015-16 of \$325,641,000.

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Distributions from PA Race Horse Development Fund

This bill provides that equal weekly transfers be deposited in the PA Race Horse Development Restricted Receipt Account. Transfers would begin after the effective date of the section and would be set at an amount necessary to provide \$25,759,000 by June 30, 2016.

Fiscal Impact: The enactment of this provision will provide \$25,759,000 for agricultural-related programs in FY 2015-16.

Miscellaneous Limitations and Transfers

Workmen's Compensation Administration Fund-Within 30 days of the effective date, \$3.1 million will be transferred from the Workmen's Compensation Administration Fund to the Uninsured Employers Guarantee Fund.

Dormitory Sprinklers-By June 1, 2016, \$4.5 million will be transferred to the General Fund.

Drug and Alcohol Programs-For FY 2015-16 \$2.5 million from the sale of liquor and alcohol will be transferred to the Department of Drug and Alcohol Programs.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Natural Gas Infrastructure Development Fund

The legislation establishes the Natural Gas Infrastructure Development Fund (Fund) and transfers \$12 million from available funding in the Alternative Energy Investment Act High Performance Buildings Program to the Fund to provide grants issued by the Commonwealth Financing Authority to fund projects which expand access to natural gas infrastructure, including costs associated with limiting environmental impacts and protecting public lands.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Department of General Services

The legislation directs the General Assembly to provide annual appropriations to the city of Harrisburg for the fire services provided to the Capitol Complex.

Fiscal Impact: This appropriation is provided in the General Appropriations Act.

Pennsylvania Gaming Control Board

The legislation directs any payment of a slot machine license fee received by the Pennsylvania Gaming Control Board after June 30, 2014, is to be deposited in and credited to the General Fund.

Fiscal Impact: The enactment of this provision is projected to result in a \$50 million deposit to the General Fund by June 30, 2016.

Department of Human Services

Certified Child Welfare Needs-Based Budget — Provides statutory appropriation for the final remaining payments to counties, which are in compliance with the reporting requirements outlined in the Human Services Code, for the prior fiscal year's Child Welfare Needs-Based Budget that are paid in the subsequent fiscal year, in the event that a General Appropriations bill is not passed by September 1st of any year.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

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Pennsylvania State Police

The legislation allows the Pennsylvania State Police to make payments relating to the reimbursement of expenses to municipalities limited to funds available. If funds are not available to make a full payment, the Municipal Police Officers' Education and Training Commission shall make payments on a pro rata basis.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

Commonwealth Financing Authority (CFA)

This legislation provides that grant funding from slot revenues that is distributed by the CFA may be used as local matching funds for other grants and loans from the Commonwealth. In addition to municipalities which are currently eligible to receive grants from funds in the account, a county redevelopment authority within that county may also receive grant funding to be used exclusively for economic development projects or infrastructure. A county redevelopment authority may not receive more than 10% of the total grants awarded.

Fiscal Impact: No adverse fiscal impact to the Commonwealth

2015-2016 Budget Implementation

The legislation provides implementing language for specific line items as to how funds appropriated in the General Appropriation Act of 2015 are distributed.