

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** House Bill 1605

**PRINTER NO.** 3730

**AMOUNT**

See Fiscal Impact

**FUND**

Various

**DATE INTRODUCED**

October 7, 2015

**PRIME SPONSOR**

Representative James

## **DESCRIPTION AND PURPOSE OF BILL**

House Bill 1605 addresses the fiscal operations, revenue and potential liabilities of the Commonwealth to meet the requirements of Article VIII, Section 13 of the Pennsylvania Constitution, and to implement the General Appropriation Act of 2016. A summary of the bill's provisions and their related fiscal impacts follows.

### **FISCAL IMPACT:**

#### Cancer Control, Prevention and Research

Extends the sunset date for the Pennsylvania Cancer Control, Prevention and Research Act to June 30, 2026.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth*

#### Compliance Checks

Includes language that a proceeding against a person that is alleged to have sold tobacco to an individual under 18 years of age during a compliance check may only be instituted by the issuance of a citation.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth*

#### Treasury Language

Includes language allowing the Commonwealth to escheat title to unclaimed savings bonds belonging to Pennsylvania citizens so they may be incorporated into the Commonwealth's Bureau of Unclaimed Property (Bureau). The Bureau will utilize its resources to reunite lost, abandoned, or forgotten bonds with their rightful owners.

*Fiscal Impact: This provision would allow the Pennsylvania Treasurer to claim U.S. savings bonds after they have reached maturity and a three year dormancy period has lapsed.*

#### Capital Facilities

Extends certain Redevelopment Assistance Capital budget programs.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth because projects were already assumed in the Commonwealth's debt plan.*

#### Business in Our Sites Program

Includes language requiring the Commonwealth Financing Authority to make the following transfers:

- \$50 million from the First Industries Program account to the Business In Our Sites Program account

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- \$25 million from the trust account for the Building Pennsylvania program to the Business In Our Sites Program account

*Fiscal Impact: These transfers will result in an additional \$75 million for the Business In Our Sites program.*

### 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 2016-17 to \$20 million.

*Fiscal Impact: The transfer from the Oil and Gas Lease Fund will be \$20 million in FY 2016-17.*

### Hazardous Sites Cleanup Fund

Limits 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 2016-17 to \$5 million.

*Fiscal Impact: The transfer from the Oil and Gas Lease Fund will be \$5 million in FY 2016-17.*

### Oil and Gas Conservation Law

Includes language that the Oil and Gas Conservation Law shall not apply to or affect any well or wells which do not intentionally penetrate the Onondaga horizon.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth*

### Heritage Area Program

Includes language establishing the Heritage Area Program Act and requires the Department of Conservation and Natural Resources (DCNR) to adopt goals, guidelines and policies for the program, and to discuss these annually with each heritage area.

*Fiscal Impact: SB 1073, the FY 2016-17 General Appropriations Act, includes \$2.875 million for The Heritage and Other Parks appropriation in DCNR.*

### Transportation Network Companies

The expiration date for a temporary certificate of public convenience granted by the Public Utility Commission that a transportation network company is operating under in a city of the first class is extended to September 30, 2016.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth*

### 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 2015-16 may be deposited into the Budget Stabilization Reserve Fund (Rainy Day Fund).

*Fiscal Impact: The enactment of this provision will retain approximately \$500,000 in the General Fund.*

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### State Workers' Insurance Board

Section 1731-A is amended to permit the State Worker's Insurance Board (Board) to invest in financial institutions that are designated as a minority depository institution or community development financial institution if the investment is consistent with authorized investments and prudent person standards applicable to the Board.

*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 2016-17 the distribution of Tobacco Settlement Fund payments are as follows:

- 13% for home-based and community-based services (\$40,197,000);
- 4.5% for tobacco use prevention and cessation programs (\$13,914,000);
- 12.6% for health and related research under Section 906 of the Tobacco Settlement Act (\$38,960,000);
- 1% for health and related research under Section 909 of the Tobacco Settlement Act (\$3,092,000);
- 8.18% for the Uncompensated Care Payment Program (\$25,293,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$92,761,000); and
- 30.72% shall remain in the fund to be separately appropriated for health-related purposes (\$94,988,000).

*Fiscal Impact: The percentage allocations together with the anticipated Strategic Contribution payment of \$20,952,000 and \$20 million from the Tobacco Settlement Fund balance results in appropriations from the Tobacco Settlement Fund for health related programs in FY 2016-17 of \$350,157,000.*

### 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 \$19,659,000 in 22 weekly installments.

*Fiscal Impact: The enactment of this provision will provide \$19,659,000 for agricultural-related programs in FY 2016-17.*

### Drug and Alcohol Programs

For FY 2016-17 \$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*

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### Natural Gas Infrastructure Development Fund

The legislation establishes the Natural Gas Infrastructure Development Fund in the Commonwealth Financing Authority and transfers \$12,000,000 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 (CFA) 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*

### 2016-2017 Budget Implementation

The legislation provides implementing language for specific line items as to how funds appropriated in the General Appropriation Act of 2016 are distributed.

### Fund Transfers

The bill requires the following funds be transferred to the General Fund:

- \$5 million from the Alternative Fuels Incentive Fund
- \$2 million from the Local Law Enforcement Block Grants
- \$9 million from the Recycling Fund
- \$28.5 million from the Tobacco Settlement Fund
- \$9 million from the Volunteer Companies Loan Fund
- \$12 million from the Building Pennsylvania program account

*Fiscal Impact: The enactment of these transfers will provide \$65,500,000 to the General Fund in FY 2016-17.*

The legislation requires \$200 million be loaned from the unappropriated surplus of the Pennsylvania Professional Liability Joint Underwriting Association (PPLJUA) to the General Fund.

*Fiscal Impact: The enactment of this loan will provide \$200,000,000 to the General Fund in FY 2016-17. This loan shall be repaid to the PPLJUA over a five-year period beginning July 1, 2018.*

### Pennsylvania Gaming Control Board

Includes language requiring the fee for any slot machine or table games license issued in FY 2016-17 be paid in full no later than June 30, 2017.

*Fiscal Impact: Enactment of this provision will provide \$74,750,000 to the General Fund in FY 2016-17.*

### Federal and Commonwealth Use of Forest Land

The legislation raises the DCNR per acre payment in lieu of taxes from \$3.60 to \$6.00 effective July 1, 2017.

*Fiscal Impact: The enactment of this provision will have no fiscal impact in FY 2016-17. Program costs will increase by approximately \$5.1 million in FY 2017-18.*

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### Motor License Fund

Institutes a series of caps on the amount of funding the Pennsylvania State Police (PSP) can draw from the Motor License Fund (MLF).

*Fiscal Impact: No fiscal impact to the Commonwealth in FY 2016-17, but beginning in FY 2017-18 the General Fund will begin absorbing all PSP cost increases as well as amounts necessary to achieve caps established in the bill.*

### Liquor Control Board

Extends the Wine and Spirits Wholesale and Retail Privatization Commission until June 30, 2017. Permits the Liquor Control Board to set the date and time for the auctioning of retail licenses.

*Fiscal Impact: No adverse fiscal impact to the Commonwealth*