

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 1221

**PRINTER NO.** 1884

**AMOUNT**

No Fiscal Impact

**FUND**

General Fund  
State Gaming Fund

**DATE INTRODUCED**

May 2, 2016

**PRIME SPONSOR**

Senator Costa

**DESCRIPTION AND PURPOSE OF BILL**

Senate Bill 1221 amends the Intergovernmental Cooperation Authority Act for Cities of the Second Class (Act 11 of 2004) by providing for various reforms making it more transparent and accountable to the public.

The legislation adds the term “gaming revenue” and defines it as the local share assessment collected from gaming revenue by the Department of Revenue for distribution to municipalities hosting licensed facilities under 4 Pa.C.S. Ch. 14 (relating to revenues).

Senate Bill 1221 amends section 202 of the act (relating to the governing board) to clarify that action may be taken by the governing board (“board”) of the Pittsburgh Intergovernmental Cooperation Authority (“ICA”) by a majority of the board members present. The legislation also clarifies the statutes applicable to the board (i.e. the Sunshine Act, the Right-to-Know Law, the State Adverse Interest Act, and the Public Official and Employee Ethics Act) and expands the list to include the Procurement Code. Senate Bill 1221 specifies that the State Adverse Interest Act and the Public Official and Employee Ethics Act also apply to the executive director of the Pittsburgh ICA.

The legislation requires the ICA, as a part of its annual reports, to include a detailed accounting on gaming revenue distributed under 4 Pa.C.S. § 1403(c)(3)(xv) (relating to the establishment of the State Gaming Fund and net slot machine revenue distribution). The report shall also include an accounting of the new provisions of section 210.1 (relating to the distribution of gaming revenue), including the status of all gaming revenue not yet distributed, and demonstrate compliance with the procedures and requirements of section 210.1 (c).

Senate Bill 1221 requires the ICA to establish and maintain a publicly accessible Internet website containing the following:

- Intergovernmental cooperation agreements
- Annual report describing the assisted city’s financial condition and the ICA’s progress

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- Annually adopted budget
- Required audits
- Contracts that the ICA has entered into with third parties

The legislation stipulates that the ICA shall adopt and publish a records retention policy that is consistent with the Commonwealth's General Records Retention and Disposition Schedule, and it requires the policy to be updated annually to remain consistent with the Office of Administration.

Regarding the term of existence of the ICA, the legislation provides that the Secretary of Community and Economic Development may not certify that the ICA is no longer necessary until oversight is terminated under the Municipalities Financial Recovery Act (Act 47 of 1987), or June 30, 2019, whichever is later.

Senate Bill 1221 requires gaming revenue to be redistributed to an assisted city to increase the level of funding to the municipal pension funds of an assisted city, if the ICA is terminated and the gaming revenue was distributed to and under exclusive control of the ICA. Such revenues shall be in addition to and shall not replace the minimum obligation that the assisted city is required to contribute to its pension fund under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984).

New section 210.1 specifies that not less than 30 days preceding each scheduled quarterly distribution of local share gaming revenue, the board shall vote whether or not to direct the assisted city to use gaming revenues pursuant to 4 Pa.C.S. § 1403 (c)(3)(xv), which authorizes gaming revenues to be used for debt reduction, increased pension funding or any other purpose as determined in the best interest of the second class city by the ICA. If the ICA votes to require an assisted city to use gaming revenue for debt reduction or increased pension funding, the ICA shall notify the Secretary of the Budget, the Commonwealth shall distribute the gaming revenue directly to the assisted city, and the assisted city shall use the gaming revenue as directed by the ICA. If the ICA votes to direct an assisted city to use gaming revenue for a purpose without conditions, the ICA shall notify the Secretary of the Budget, and the Commonwealth shall distribute the gaming revenue directly to the assisted city as provided for under 4 Pa.C.S. § 1403(c)(3)(i) to be used by the assisted city as directed by the ICA.

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The legislation requires the ICA, within five days from the time of the vote, to transmit in writing to the assisted city and the Secretary of the Budget any conditions that the assisted city must meet, including the purpose and time period for meeting the conditions, before distribution of the gaming revenue may be made to the assisted city. If the assisted city provides information that meets the conditions imposed by the ICA, the ICA shall certify its decision to the Secretary of the Budget, and the Commonwealth shall distribute the gaming revenue directly to the assisted city. If the assisted city requires additional time to meet the required conditions, it shall reply to the ICA in writing with an update on the process needed to meet the conditions and a projection of the time period. The ICA shall notify the Secretary of the Budget if the assisted city is not in compliance and that no distribution of gaming money shall be made until the conditions are met. The authority shall, by majority vote, determine when the assisted city is in compliance and notify the Secretary of the Budget of such at which time the Secretary of the Budget shall release gaming funds held in escrow (including interest and income earned) directly to the assisted city.

If the assisted city and the ICA disagree regarding whether conditions have been met, the assisted city may request that the Secretary of the Budget make a determination that the assisted city has met the conditions.

If the Secretary of the Budget determines that the conditions have been met, the Secretary shall provide notice to the assisted city and authority and shall release the gaming funds held in escrow directly to the assisted city. If the Secretary of the Budget determines that the conditions have not been met, the Secretary shall provide notice to the assisted city and authority and require that the assisted city continue to meet the conditions. The Secretary of the Budget is prohibited from distributing the gaming revenue until satisfied that the assisted city has met the conditions.

The act shall take effect in sixty days.

### **FISCAL IMPACT:**

Enactment of this legislation will have no adverse fiscal impact on Commonwealth funds.

Senate Bill 1221 places further conditions on the distribution of gaming revenues from the local share assessment to the ICA for the benefit of the City of Pittsburgh. However, the legislation has no effect on the overall amount of gaming revenues that will be distributed.