

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1929

PRINTER NO. 3810

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

November 17, 2017

PRIME SPONSOR

Representative Marsico

DESCRIPTION AND PURPOSE OF BILL

House Bill 1929 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 2018. A summary of the bill's provisions and their related fiscal impacts follows.

FISCAL IMPACT

Keystone Scholars Grant Program

Creates the Keystone Scholars Grant Program account within the Tuition Account Guaranteed Savings Program Fund. At the end of each fiscal year, all funds in excess of 10% of the actuarially determined liability shall be transferred to the account. The transfer shall not exceed an amount equal to \$100 per child born in the Commonwealth in the fiscal year. An enrolled child will be eligible for a grant equaling \$100, plus the investment earnings since the child's birth for qualified higher education expenses at an eligible education institution.

Fiscal Impact: On average 140,000 children are born in the Commonwealth each year. This would cap the transfer from the Tuition Account Guaranteed Savings Program Fund to the Keystone Scholars Grant Account at \$14 million in any fiscal year.

Unclaimed Property

Changes the criteria by which property can be deemed unclaimed by changing the criteria by which assets are considered abandoned and unclaimed and the holder has lost contact with the owner of the asset.

Fiscal Impact: The Treasury anticipates a 10% reduction in net revenue from unclaimed property to \$68 million.

VW Air Quality Settlement

Requires that upon receipt of the \$30,409,005 settlement, whether in fiscal year 2017-18 or 2018-19, the amount shall be deposited in the General Fund.

Fiscal Impact: \$30,409,005 additional revenue to the General Fund.

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Business in our Sites Program

Authorizes a transfer from the First Industries Program account to the Business in our Sites Program account totaling \$10 million. It also authorizes a transfer from the Building Pennsylvania program to the Business in our Sites Program totaling \$35 million.

Fiscal Impact: These transfers would provide \$45 million to the Business in our Sites Program.

Private Dam Financial Assurance

Creates the Private Dam Financial Assurance Program. A one-time \$1,000 fee and an annual fee of 1% of the bond amount required by the Department of Environmental Protection shall be deposited into the Private Dam Financial Assurance Fund. The fees can be used to establish a revolving loan program to provide maintenance and repair assistance once the fund's balance is equal to or greater than \$1.5 million.

Fiscal Impact: No fiscal impact to the Commonwealth.

Rainy Day Fund Transfer

Increases the amount transferred to the Budget Stabilization Reserve Fund from 25% to 50% of any surplus in the General Fund for fiscal year 2017-18.

Fiscal Impact: This is estimated to provide an additional \$9.9 million to the Budget Stabilization Reserve Fund.

Water and Sewer Projects

Authorizes \$10 million from funds available to the Commonwealth Financing Authority for water and sewer projects with a cost of not less than \$30,000 and not more than \$500,000. Authorizes a transfer of \$25 million from the trust account for the First Industries Program to be transferred to the authority for water and sewer projects with a cost of not less than \$30,000 and not more than \$500,000.

Fiscal Impact: The authorization and transfer will result in an additional \$35 million for water and sewer projects.

Tobacco Settlement Fund

For FY 2018-19 the distribution of Tobacco Settlement Fund payments are as follows:

- 4.5% for tobacco use prevention and cessation programs (\$15,539,000);
- 12.6% for health and related research under Section 906 of the Tobacco Settlement Act (\$43,509,000);
- 1% for health and related research under Section 909 of the Tobacco Settlement Act (\$3,453,000);
- 8.18% for the Uncompensated Care Payment Program (\$28,246,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$103,594,000); and

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- 43.72% shall remain in the fund to be separately appropriated for health-related purposes (\$150,786,000).

The amount of \$15.4 million shall be transferred to a restricted account known as the Office of Attorney General Criminal Enforcement Restricted Account for criminal enforcement.

Fiscal Impact: The percentage allocations result in appropriations from the Tobacco Settlement Fund for health-related programs in FY 2018-19 of \$351,815,000. There is a one-time transfer to the Office of Attorney General Criminal Enforcement Restricted Account for criminal enforcement of \$15.4 million.

Distributions from the PA Race Horse Development Fund

This bill provides that equal weekly transfers be deposited in the PA Race Horse Development Restricted Receipt Account. Transfers will begin after the effective date of the section and will be set at an amount necessary to provide \$19,659,000 in 22 weekly installments. In addition, this bill provides for the transfer of \$10,066,000 from the fund to the Racing Fund for enforcement of medication rules and regulations.

Fiscal Impact: The enactment of these provisions will provide \$19,659,000 for agricultural-related programs and \$10,066,000 for enforcement of medication rules and regulations in FY 2018-19.

Drug and Alcohol Programs

For Fiscal Year 2018-19, \$2.5 million from the sale of liquor and alcohol will be transferred to the Department of Drug and Alcohol Programs.

Fiscal Impact: This transfer will result in an additional \$2.5 million for Drug and Alcohol programs.

First Chance Trust Fund

Requires that when determining preference for student scholarships or programs that benefit children, the victimization of the student or child, the impact of crime on the student or child and the risk factors identified by the current policy statement, be the factors that are considered.

Fiscal Impact: No fiscal impact to the Commonwealth.

Death Certificate Fee Distribution

Specifies that for the \$20 fee collected for the issuance of death certificates by a local registrar, \$3 shall be retained by the local registrar until the \$60,000 threshold is met, after which fees will be transmitted to the Department of Health to be deposited in the General Fund. \$16 shall be deposited in the Vital Statistics Improvement Account and \$1 shall be transmitted to the Department of Health for distribution to the county corner or medical examiner.

Fiscal Impact: The additional revenue to the Vital Statistics Fund will be dependent on the demand for death certificates when there is a local registrar.

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Bureau of Occupational and Industrial Safety Fees

Requires the amount of \$7 million to be used to augment funds appropriated to the Bureau of Occupational and Industrial Safety, and the remaining funds to be transferred to the General Fund.

Fiscal Impact: The transfer to the General Fund is estimated to be less than \$1,000,000.

Reemployment Fund

Reauthorizes the Reemployment Fund and the deposit of 5% of employee unemployment contributions to the fund through September 30, 2022.

Fiscal Impact: The reauthorization of the 5% deposit of employee contributions through 2022 is projected to provide \$10 million in 2018, \$10 million in 2019, \$13 million 2020, \$14 million in 2021, and \$15 million in 2022 to the fund.

Federal Civil Service Retirement System

Excludes from the definition of income, an amount equal to 50% of the average retired worker Social Security payment for a person who receives pension benefits from the Federal Civil Service Retirement System and was not required to make Social Security payments.

Fiscal Impact: The enactment of these provisions would increase disbursements from the Property Tax Relief Fund to the State Lottery Fund by \$14 million.

Access to Justice

The additional \$2 surcharge on all court filings authorized in Act 44 of 2017 shall be deposited into the Access to Justice Account.

Fiscal Impact: The additional \$2 surcharge generates an additional \$7.1 million to be deposited into the Access to Justice Account.

Transfer to the School Safety and Security Fund

- This bill authorizes a redirection of \$15 million in fines and fees from the Judiciary that are in excess of the amount collected in Fiscal Year 1986-87 to be deposited into the School Safety and Security Fund.
- It authorizes spending authority to be reinstated for line-item vetoes executed in 2014 and overturned by the courts.
- Authorizes the transfer of \$30 million to the School Safety and Security Fund from reinstated spending authority, and lapses the remaining amount. Authorizes the transfer of \$15 million of Personal Income Tax revenue to the fund.

Fiscal Impact: The provisions will transfer a total of \$60 million to The School Safety and Security Fund. \$30 million is transferred from Fiscal Year 2014-15 General Fund spending authority, \$15 million is transferred from fines and fees collected by the Judiciary, and \$15 million is transferred from Personal Income Tax Revenue. The remaining FY 2014-15 spending authority of \$35.1 million restored from line item vetoes will be lapsed.

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Multimodal Transportation Fund

Permits the Secretary of Transportation to waive for good cause the requirement for local matching funds. In addition, the match requirements for the Commonwealth Financing Authority portion of the program are waived for municipalities. These provisions expire December 31, 2019.

Fiscal Impact: No fiscal impact to the Commonwealth.

Enhanced Revenue Collection Account (ERCA)

Authorizes the amount of \$30 million annually for the Department of Revenue to utilize for administration of the program, through fiscal year 2019-20. Continues the timing of transfers from ERCA to the General Fund from a single, annual transfer in June to a monthly transfer no later than the 28th day of each month. In addition, requires that the value of tax refunds avoided be credited to the Commonwealth's Tax Refunds expense rather than being shown as General Fund revenue.

Fiscal Impact: No fiscal impact to the Commonwealth in FY 2018-19. With the additional funding for program administration, the department will be able to continue to administer the program and increase revenue collections in future fiscal years.

Retirement Systems Transfer

Authorizes the transfer of funds to the SERS and PSERS boards, from Personal Income Tax revenue for the implementation of the defined contribution plans.

Fiscal Impact: Transfer of \$4,901,000 to SERS, and \$5,200,000 to PSERS from Personal Income Tax Revenue.

Dairy Industry Transfer

Authorizes a transfer of funds from the First Industries program to the Commonwealth Financing Authority for support of Pennsylvania's dairy industry.

Fiscal Impact: Transfer of \$5 million in additional funds to the Commonwealth Financing Authority for grants to support the dairy industry.