

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. House Bill 1083

PRINTER NO. 3865

AMOUNT

See Fiscal Impact

FUND

Various Commonwealth Funds

DATE INTRODUCED

April 8, 2019

PRIME SPONSOR

Representative Sankey

DESCRIPTION

House Bill 1083, as amended, amends the Fiscal Code (Act 176 of 1929) by repealing provisions relating to capital stock and franchise tax reports and payment of tax. The legislation repeals section 707 of the Fiscal Code relating to the capital stock and foreign franchise tax reports. The capital stock and foreign franchise tax (CSFT) was eliminated for tax years beginning in 2016 and thereafter.

The repeal of section 707 of the Fiscal Code shall take effect in 60 days, and the remainder of this act shall take effect immediately.

FISCAL IMPACT

Enactment of this legislation with respect to the repeal of section 707 relating to the capital stock and franchise tax will have no fiscal impact on Commonwealth funds.

Act 47 Distressed Municipalities Extension

This bill provides for an 18-month extension to any municipality's recovery plan timeline to move from distressed status.

Fiscal Impact: This provision will have no fiscal impact on Commonwealth funds.

Oil and Gas Lease Fund Transfer

The bill eliminates the transfer from the Oil and Gas Lease Fund to the Marcellus Legacy Fund for distribution to the Environmental Stewardship Fund for FY 2020-21.

Fiscal Impact: The Oil and Gas Lease Fund will realize a reduction in expenditures of \$20,000,000 for fiscal year 2020-21. The Marcellus Legacy Fund and Environmental Stewardship Fund will have no fiscal impact as a result of this provision. The transfer was previously utilized to pay the debt service on the Growing Green bonds, which will be paid out of Personal Income Tax during Fiscal Year 2020-21.

Transportation Network Company Extension

The bill extends the current provisions for the assessment a transportation network company operating in a city of the first class shall pay to the parking authority. The assessment is equal to 1.4% of the gross receipts from the fares charged to passengers for prearranged rides that originate in the city to December 31, 2022.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Fiscal Impact: This extension will continue to make available approximately \$5,526,000 in assessment revenues for distribution to the Philadelphia School District and the parking authority on a quarterly basis.

Managed Care Organization Assessment

The bill extends the assessment on all managed care organizations until June 30, 2025, and continues a per member per month rate of \$24.95.

Fiscal Impact: The extension generates \$228.6 million for the Department of Human Services, which it is able to utilize to draw down federal funds participation to offset the cost of Medicaid services.

Tobacco Settlement Fund

The bill provides for the extension of the transfer of revenues from the Cigarette Tax to the Tobacco Settlement Fund for Fiscal Year 2020-21. The bill also provides for the Fiscal Year 2020-21 distribution of Tobacco Settlement Fund payments as follows:

- 4.5% for tobacco use prevention and cessation programs (\$14,735,000);
- 12.6% for health and related research under Section 906 of the Tobacco Settlement Act (\$41,259,000);
- 1% for health and related research under Section 909 of the Tobacco Settlement Act (\$3,275,000);
- 8.18% for the Uncompensated Care Payment Program (\$26,785,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$98,235,000); and
- 43.72% shall remain in the fund to be separately appropriated for health-related purposes (\$143,161,000).

Fiscal Impact: The transfer from the Cigarette Tax for Fiscal Year 2020-21 is \$115,337,000. The percentage allocations result in appropriations from the Tobacco Settlement Fund for health-related programs in Fiscal Year 2020-21 of \$327,450,000.

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 on September 1, 2020, 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 2020-21.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Single-Use Plastic Study

The bill provides an extension to July 1, 2021, or six months after the end of the COVID-19 emergency declaration, whichever is later, for the submission of the study on the impact of imposing a tax or prohibition of single-use plastic containers to be submitted to the General Assembly by the Independent Fiscal Office and the Legislative Budget and Finance Committee.

Fiscal Impact: The provision will have no fiscal impact on Commonwealth funds.

Sports Wagering Authorization Fee

The bill provides a Category 1, 2, or 3 slot machine licensee holder that holds a sports wagering certificate to conduct sports wagering at an affiliated Category 4 (mini-casino) facility without having to pay an additional sports wagering authorization fee. In the event a Category 4 facility would change ownership and no longer be affiliated with a sports wagering certificate holder, the facility would be required to pay the sports wagering authorization fee to continue to offer sports wagering at the facility.

Fiscal Impact: The sports wagering fee is \$10 million. However, this provision will not impact the Commonwealth's Fiscal Year 2020-21 revenue projection since no certificates were budgeted to be received in the coming fiscal year.

Category 4 (Mini-Casino) Auction

The bill provides that within 90 days of the effective date, the Pennsylvania Gaming Control Board (board) shall conduct an auction for a Category 4 (mini-casino) license. Applications filed by previous winning bidders that were denied by the board during an initial auction will be considered. The last Category 4 license auction the board held was on April 18, 2018, and no bids were received. In total, five auctions in which bids were received took place.

Fiscal Impact: The minimum bid accepted for a Category 4 license is \$7.5 million. The entity could also petition to initially operate up to 30 table games for an additional fee of \$2.5 million with the capability of adding an additional 10 table games following their first year of operation. The total revenue generated from the five licenses awarded to date is \$126,999,896.

Issuance of certificates of death

The bill raises the cap on the amount local registrars may keep from \$60,000 to \$85,000. In addition, any death certificates issued between March 6, 2020, and the end of the current disaster declaration, plus any extension, does not count towards the cap.

Fiscal Impact: The administration estimates \$1.1 million annually in collections from local registrars who exceed their cap. As a result, the cost of this provision would be no more than \$1.1 million.

Medical Marijuana Permitting

The bill provides if a grower/processor permit is surrendered or revoked due to misrepresentation of information on its permit or renewal application, the permit shall be issued to the next most qualified applicant in the same region.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Fiscal Impact: The provision will have no fiscal impact on Commonwealth funds.

State Employees' Retirement System

The bill allows the board to allocate costs and expenses proportionately against individual investment accounts. In addition, the bill allows the board to assess each employer an annual, per-participant charge for the payment of administrative fees and costs and expenses of administering the defined contribution plan.

Fiscal Impact: The provision will have no fiscal impact on Commonwealth funds. It has been past practice for the Commonwealth to transfer personal income tax revenue to the State Employees Retirement System for administrative costs. The provision allows for these costs to be paid by each employer on a per-participant basis and be attributed to the fund from which the employee's salary and benefits are paid. As a result, additional revenue will accrue to the General Fund that would otherwise be used to pay these costs on behalf of special funds. It is estimated that \$4,228,000 is needed to pay administrative costs in fiscal year 2020-21. The General Fund would bear 60% of the costs and special funds 40% of the costs.

Judicial Fees

The bill provides an extension of the \$11.25 surcharge and additional \$10 surcharge to expire December 31, 2021. The additional \$2 surcharge on all court filings authorized in Act 44 of 2017 shall be deposited into the Access to Justice Account (ATJ), and its sunset provision is removed. Additionally, the bill continues an additional fee of \$2.50 for the Criminal Justice Enhancement Account (CJEA), which supports salaries of full-time district attorneys and an additional fee of \$2.50 for the Office of Attorney General (OAG). All of the above-mentioned fees are currently collected by the Unified Judicial System.

Fiscal Impact: The \$11.25 surcharge and additional \$10 surcharge annually generate an additional \$24 million and \$32.5 million, respectively. The additional \$2 surcharge generates an additional \$6.5 million to be deposited into the Access to Justice Account. The additional \$2.50 fees collected for the CJEA and the OAG annually generate \$5.3 million each.

Multimodal Transportation Fund

The bill provides the match requirements for the Commonwealth Financing Authority portion of the program are expanded to include local, regional or metropolitan transportation authorities. These provisions of this section are extended to December 31, 2021.

Fiscal Impact: The provision will have no fiscal impact on Commonwealth funds.

Liquor Code Definitions

The bill puts in place the definition of 'commercial and mixed use overlay project'.

Fiscal Impact: The provision will have no fiscal impact on Commonwealth funds.

SENATE APPROPRIATIONS COMMITTEE

FISCAL NOTE

Nursing Home Day One Payments

The bill allocates medical assistance (MA) day-one incentive payments to qualified non-public nursing homes for fiscal year 2020-2021 at \$16 million.

Fiscal Impact: The provision makes \$16 million available to qualified non-public nursing homes for this purpose.

School Safety Transfer

The bill authorizes the transfer of federal funds from the COVID – ESSER – SEA appropriation to the School Safety and Security Fund.

Fiscal Impact: The provision results in the transfer of \$49,762,000 to the School Safety and Security Fund from the federal COVID – ESSER – SEA appropriation.

Growing Greener Debt Service

The bill authorizes the transfer of funds to the Environmental Stewardship Fund from Personal Income Tax revenue for the payment of debt service on the Growing Greener bonds.

Fiscal Impact: The provision results in the transfer of \$13,782,000 to the Environmental Stewardship Fund from Personal Income Tax revenue.

Property Tax Relief Transfer

In the event of insufficient revenue to provide for \$621 million of statewide property tax relief, the bill authorizes the budget secretary to transfer up to \$300 million from the COVID-19 Response Restricted Account to the Property Tax Relief Fund.

Fiscal Impact: This provision provides for a transfer of up to \$300 million from the COVID-19 Response Restricted Account to be provided to school districts for property tax relief payments.