House Bill 2418 makes changes to the Administrative Code by amending Section 432.1 (State Geospatial Coordinating Board) to extend the sunset date of the State Geospatial Coordinating Board and establishing a new Article XXI-C (COVID-19 Debt Cost Reduction Review) to require the Treasury Department to conduct a debt cost reduction review.

State Geospatial Coordinating Board
The legislation makes changes related to State Geospatial Coordinating Board (board) as follows:

- Extends the sunset date of the board for four (4) years from June 30, 2020, to June 30, 2024;
- Includes the Secretary of Agriculture or a designee as a member of the board;
- Includes provisions further specifying that the board may hire an executive director with the approval of the Governor;
- Provides that funding for the executive director’s compensation is to be evenly apportioned among the executive agencies represented on the board. This includes the Office of Administration; the Department of Environmental Protection; the Department of Conservation and Natural Resources; the Pennsylvania Emergency Management Agency, the Department of Transportation; the Department of General Services; and the Department of Agriculture; and
- Removes the requirement that local government representatives appointed to the board by the Senate and House of Representatives be elected officials.

COVID-19 Debt Cost Reduction Review
The legislation requires the Treasury Department, in conjunction with the Secretary of the Budget, the Auditor General and any chairperson of an authority, commission, agency, board or other state-authorized entity that has the power to issue debt, to identify and review all outstanding debt obligations and submit a report of its findings to the General Assembly no later October 30, 2020. In addition to the identification and review of all debt obligations, the report is required to identify options for refinancing outstanding debt obligations to reduce the costs to the Commonwealth.
Further, the legislation requires each agency identified for review to provide the Treasury Department, within 30 days of the effective date of the section, information requested by the Treasury Department, including the following, related to all outstanding debt obligations of the agency:

- Total outstanding debt amount of all obligations;
- Most recent audited financial statement of the agency;
- Description of each obligation, identifying senior or subordinate debt and federal tax treatment;
- Account of all security pledged for each obligation;
- Most recent rating associated with each debt obligation, including rate covenant and maturity date;
- List of all additional associated agency obligations or covenants;
- Annual debt service cost, debt service fund and debt service reserve fund for each obligation;
- Risk factors and disclosure statements associated with each debt obligation; and
- Pending litigation that may financially impact the debt obligations of the agency.

The legislation is scheduled to take effect immediately.

**FISCAL IMPACT:**

The enactment of House Bill 2418 will have no additional fiscal impact on Commonwealth funds.

The Office of Administration estimates the compensation (salary and benefits) for the position of the State Geospatial Coordinating Board’s executive director to be $235,000 annually. Under the legislation, each of the seven (7) executive agencies represented on the board would be responsible for paying an equal share of the costs for the executive director’s compensation ($33,571), which can be borne within their existing operating budgets.

The Treasury Department has indicated that it will cost between $30,000 and $60,000 to hire consultants with the expertise to identify options for debt refinancing as required in the COVID-19 Debt Cost Review. This cost can be accommodated within the Treasury Department’s FY 2020-21 interim appropriation for General Government Operations, which is $15.2 million.

Further, it is possible that the COVID-19 Debt Cost Review may result in cost savings for the Commonwealth to the extent that debt refinancing opportunities are identified and executed resulting in lower debt service costs in the future.