

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 28

PRINTER NO. 10

AMOUNT

See Fiscal Impact

FUND

General Fund

DATE INTRODUCED

January 20, 2021

PRIME SPONSOR

Senator Phillips-Hill

DESCRIPTION

Senate Bill 28 establishes the Permit Administration Act to provide for the management, tracking and oversight of permit applications by state agencies.

The legislation requires each state agency, within 60 days of enactment, to conduct an initial review of permit decisions and permit decision delays during the preceding calendar year and submit a report of findings to the General Assembly. It also requires each state agency to compile a complete list of all types of permits it issues, transmit the list to the Legislative Reference Bureau for publication in the Pennsylvania Bulletin and post the list on its website. The list is required to include: (1) the program under which each permit is issued; (2) the statutory and regulatory authority for each permit; (3) the time frame when the agency must issue the permit; and (4) the average time frame within which a permit is issued.

The legislation requires each state agency, within 180 days of enactment, to establish a secure tracking system for applicants to track the status of applications on the state agency's website. It requires that, within five business days after receiving an application, the state agency notify an applicant in writing or by electronic means of the receipt of the application and with information about the use of the tracking system. The tracking system is required to include: (1) the processing time for each permit and the statutory and regulatory authority or policy establishing the processing time; (2) the date associated with the receipt of each permit, completeness review, technical review, elevated review, if necessary, and the final permit decision; (3) the estimated time remaining for each incomplete phase of the permit approval process; and (4) the identity and contact information for the employee assigned to answer questions about the application process.

The legislation requires that a state agency notify an applicant in writing or by electronic means of an incomplete application within 10 days of receipt of the application and a technically deficient application within 20 days after a completeness review. Along with the notification, the agency is required to provide the applicant with the following information: (1) the statute or regulation which requires a correction or additional information within the application; (2) the reasons why the application is not in conformance with statute or regulation; and (3) the correction or additional information needed to issue the permit.

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The legislation requires a state agency to notify a permit holder of the following: (1) the expiration date of the permit 60 days before the permit's expiration date; (2) a change to a statute or regulation which may affect the permit; and (3) any change in permit fees which may affect the renewal of the permit.

The legislation requires that a permit issued prior to the effective date of a statute or regulation that alters the requirements for the permit to remain valid under the provisions under which the permit was granted, unless otherwise agreed to by all parties.

The legislation requires each state agency to establish a program for third-party review of permits and resolution of issues causing permit decision delays and to contract with a third-party professional to administer the program within 180 days of the effective date. It specifies that payments to the third party are to consist of the remittance of any fees collected by the state agency from applicants whose applications for permits are subject to delays. It requires permit applications that become subject to a permit decision delay to be submitted by the state agency to a third-party for review and resolution no later than three (3) business days after the application becomes subject to a permit decision delay. It requires that upon completion of the third-party review and resolution of issues causing the delay, the application is to be transmitted to the state agency for the issuance of the permit.

The legislation requires each state agency to submit an annual report to the General Assembly that at a minimum includes: (1) the number of applications received; (2) the number of applications reviewed that received a decision without being referred to a third-party; (3) the average time frame for permit decisions from the state agency on applications that received a decision without being referred to a third-party; (4) the number of applications reviewed by a third-party; (5) the average time frame for third-party contractors to complete an application review; and (6) the number of state agency employees reviewing permit application as organized by each regional office of the state agency, if applicable, and the number of applications reviewed by each state employee.

The legislation provides that nothing in the act shall be construed to limit or alter a state agency's authority to revoke a permit for failure to comply with the laws of the Commonwealth. The legislation is scheduled to take effect in 60 days.

The legislation defines a permit as "an authorization issued by a state agency which approves the performance of a regulated activity. The term includes authorization permits, plan approvals and registrations under a general permit. The term does not include a certification, license or permit issued to an individual for personal use or a certification, license or permit issued by the Pennsylvania Game Commission."

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FISCAL IMPACT:

Senate Bill 28 establishes additional duties for state agencies while managing permit applications. The duties include: compiling a list of all permits administered; establishing a secure tracking system to track the status of permit applications on the agencies’ internet websites; additional review cycle notification and reporting requirements; establishing a program for third-party review and resolution of permit decision delays; and making annual reports.

As a result of the provisions contained in the legislation, state agencies will experience increased personnel and information technology costs. Based on information provided by the Governor’s Budget Office, the information technology requirements necessary to implement the provisions of the legislation during the first two (2) years after enactment are estimated to cost \$19.4 million. An estimate by agency is below.

Agency	Year-1	Year-2	Total
Department of Environmental Protection	\$ 1,700,000	\$ 1,800,000	\$ 3,500,000
Department of Agriculture	\$ -	\$ 2,000,000	\$ 2,000,000
Department of Health	\$ 1,700,000	\$ 2,000,000	\$ 3,700,000
Department of Human Services	\$ 5,000,000	\$ -	\$ 5,000,000
Department of Labor and Industry	\$ 1,600,000	\$ 1,600,000	\$ 3,200,000
Department of Transportation	\$ 2,000,000	\$ -	\$ 2,000,000
Total	\$ 12,000,000	\$ 7,400,000	\$ 19,400,000

The Department of Environmental Protection, Department of Agriculture, Department of Health, Department of Labor and Industry and Department of Transportation have indicated a need for additional personnel to comply with the administration provisions of the legislation. Assuming that each of the state agencies will need between 5 and 10 additional staff at a cost of \$106,090 (the average total salary and benefits for a state employee according to the Office of Administration’s 2021 Workforce Statistics), the cost to each state agency annually is estimated to be between \$530,450 and \$1,060,900, or between \$2,652,250 and \$5,304,500 across the state agencies.

Additionally, the legislation will result in reduced revenues to the extent the applicant’s permit fees are used to pay for third-party permit review and resolution.

Further, by ensuring that state agencies process permits in a timely manner, it will likely improve Pennsylvania’s business climate by demonstrating predictable outcomes for businesses seeking to locate or expand in the Commonwealth. To the extent that the provisions in the legislation help foster new business development, it will result in additional tax revenue to the Commonwealth.