

SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

BILL NO. Senate Bill 291

PRINTER NO. 294

AMOUNT

\$2,010,000,000
Maximum Additional Authorized Debt

FUND

Capital Facilities Fund

DATE INTRODUCED

March 2, 2021

PRIME SPONSOR

Senator Hughes

DESCRIPTION AND PURPOSE OF BILL

Senate Bill 291 provides for the Capital Budget Act of Fiscal Year 2021-22 (act). The act establishes the maximum bond indebtedness the Commonwealth may incur during the fiscal year for capital projects specifically itemized in a capital budget project itemization act. Additionally, the legislation provides that the maximum amount of redevelopment assistance projects undertaken by the Commonwealth for which obligations are outstanding shall not exceed, in aggregate, \$4,050,000,000. This is an increase of \$700 million.

This legislation sets the maximum authorizations at the following amounts:

- Public Improvement Projects: \$550,000,000
- Furniture and Equipment Projects: \$ 10,000,000
- Transportation Assistance Projects: \$175,000,000
- Redevelopment Assistance Projects: \$1,275,000,000
- Flood Control Projects: \$ 0

Total: \$2,010,000,000

This act shall take effect July 1, 2021, or immediately, whichever is later.

FISCAL IMPACT:

The Constitution of the Commonwealth of Pennsylvania limits outstanding capital budget debt to 1.75 times the average tax revenues during the previous five (5) fiscal years. Voter-approved and disaster relief debt are not subject to the constitutional debt limit.

Based on the Auditor General’s most recent debt certification (dated February 28, 2021), the average annual tax revenue in all funds over the last five fiscal years was \$41.2 billion. The Commonwealth’s net debt as of February 28, 2021, totaled \$9.7 billion. Utilizing the constitutional debt limit formula, the Commonwealth could issue up to an additional \$62.4 billion as of that date, significantly more than the \$2.01 billion authorized in this bill. The cost to service this debt has been assumed within the Fiscal Year 2021-22 debt service appropriation.