

# SENATE APPROPRIATIONS COMMITTEE FISCAL NOTE

**BILL NO.** Senate Bill 350

**PRINTER NO.** 718

**AMOUNT**

See Fiscal Impact

**FUND**

Various Funds

**DATE INTRODUCED**

February 2, 2023

**PRIME SPONSOR**

Senator Phillips-Hill

**DESCRIPTION**

Senate Bill 350 establishes the Permit Administration Act to provide for the management, tracking and oversight of permit applications by state agencies and to establish the Pennsylvania Office of Transformation and Opportunity and the Economic Development Strategy Group.

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

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application is not in conformance with statute or regulation; and (3) the correction or additional information needed to issue the permit. The timeframe in which an agency has to make a determination shall pause on the date the applicant is informed that an application is incomplete or technically deficient. The time shall begin upon the receipt of the resubmission of the application, and the agency shall approve or deny the application within the remaining timeframe.

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 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. A permit is deemed approved and shall be issued by the agency if a completed application is received, a permit decision delay occurs and the application is not submitted to a third-party as required by the legislation.

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 applications as organized by each regional office of the state agency, if applicable, and the number of applications reviewed by each state employee.

Senate Bill 350 establishes the Pennsylvania Office of Transformation and Opportunity. The duties of the office shall include: (1) create a systematic process for managing economic development projects; (2) establish and monitor the progress of additional areas of economic development project support; (3) work to ensure the maximization of opportunities to attract projects; (4) establish objectives and targets

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for the implementation of projects prioritized by the Governor; (5) establish and monitor time-based standards for completion of projects; (6) work to ensure projects are prioritized by overall economic impact, validity of the business model and likelihood of positive impact, impact on disadvantages and underserved communities

and strength of private financing; and (7) develop an overall blueprint and strategy for economic development in the Commonwealth. The Governor shall appoint a Chief Transformation and Opportunity Officer who shall report directly to the Governor and operate from the Governor's Office. The office shall provide an annual report to the Governor beginning December 31, 2023, which shall include analysis and examination of economic development opportunities gained and lost over the prior year.

The legislation shall establish the Economic Development Strategy Group within the Governor's Office. The group's duties shall be to advise the Governor on economic development projects and processes to attract and retain employers, recruit leaders of innovation and create quality jobs in the Commonwealth. The members of the group shall be chaired by the Governor or the Chief Transformation and Opportunity Officer and shall include the secretaries of the Department of Agriculture, Department of Community and Economic Development, Department of Education, Department of Environmental Protection, Department of Labor and Industry, Department of Transportation and other members of the Governor's cabinet on an individual project basis.

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."

### **FISCAL IMPACT:**

Senate Bill 350 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

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two years after enactment are estimated to cost \$21.8 million. An estimate by agency follows.

Agency	Year - 1	Year - 2	Total
Department of Environmental Protection	\$ 1,700,000	\$1,800,000	\$ 3,500,000
Department of Transportation	\$ 5,600,000	\$ -	\$ 5,600,000
Department of Labor and Industry	\$ 1,600,000	\$1,600,000	\$ 3,200,000
Department of Human Services	\$ 5,000,000	\$ -	\$ 5,000,000
Department of Agriculture	\$ -	\$2,000,000	\$ 2,000,000
Department of Health	\$ 2,500,000	\$ -	\$ 2,500,000
<b>Total</b>	<b>\$16,400,000</b>	<b>\$5,400,000</b>	<b>\$ 21,800,000</b>

The Governor’s budget requested a total of 56 staff across all agencies to improve permit processing. The average total salary and benefits for a state employee according to the Office of Administration’s 2023 Workforce Statistics is \$110,726. The estimated total cost to agencies for the additional staff is \$6.2 million. During hearings on the Governor’s proposed budget, various cabinet officials also indicated their intent to review and streamline agency permit processing. This analysis assumes the additional positions requested in the Governor’s budget coupled with improved processing resulting from agency efforts and this legislation will mitigate the potential for revenue loss and deferred payment to third parties. To the extent agencies do not achieve the timelines prescribed in the legislation, agencies will realize a reduction in revenues.

The Governor’s budget proposed \$2.9 million for 10 staff and resources for the newly created Office of Transformation and Opportunity. There is no anticipated cost for the Economic Development Strategy Group.

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. This, along with the success of the Office of Transformation and Opportunity, will result in additional tax revenue to the Commonwealth that will be available to offset the costs noted above.