# STATE SENATOR JANE CLARE ORIE 40TH SENATORIAL DISTRICT

SENATE BOX 203040
ROOM 362, THE STATE CAPITOL
HARRISBURG, PA 17120-3040
717-787-6538 • FAX: 717-787-8623
E-MAIL: jori@pasen.gov
WEBSITE: senatororie.com

LA CASA BLANCA BUILDING 9400 McKnight Road, Suite 105 Pittsburgh, PA 15237 412-630-9466 • Fax: 412-635-2199

2525 ROCHESTER ROAD, SUITE 207 CRANBERRY TOWNSHIP, PA 16066 724-776-3500 • FAX: 724-776-3582 JUN 15 2011



Senate of Pennsylvania

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#### **CO-SPONSORSHIP MEMO #31**

TO:

All Senators

FROM:

Senator Jane C. Orie

**SUBJECT:** 

Repayment of Property Tax Relief Reserve Fund

DATE:

June 14, 2011

I plan on introducing legislation requiring the repayment of funds borrowed by the Gaming Control Board back to the Property Tax Relief Reserve Fund beginning on August 1, 2011.

Treasurer Rob McCord has recently brought attention to this matter and has proposed a plan for these funds to be paid back sooner rather than later, as is currently allowed for under law. The Gaming Control Board is required to come up with a repayment plan by June 30<sup>th</sup>; however, casinos are not required to start making any payments until 11 slots facilities are operating – which may happen sometime next year. Why should homeowners continue to wait to have funds paid back to the fund that is used to give property tax relief.

It is my understanding that the Gaming Control Board has received several proposals from different casinos, in addition to the repayment plan offered by Treasurer McCord. As of this point in time I believe we have an obligation to push for and require that repayment to the Property Tax Relief Reserve Fund should happen sooner rather than later. Attached is a copy of the proposal.

Should you wish to co-sponsor this legislation please contact Monica Armstrong at 787-6538 or by email at <a href="mailto:marmstrong@pasen.gov">marmstrong@pasen.gov</a>.

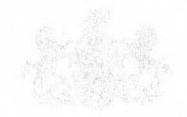
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#### § 1720-G. State Gaming Fund

(a) Deduction of certain appropriations.--Notwithstanding the provisions of section 504(c)(1) of the act of June 27, 2006 (1st Sp.Sess., P.L. 1873, No. 1), known as the Taxpayer Relief Act, funds appropriated to the Pennsylvania Gaming Control Board from the State Gaming Fund shall be deducted from the amount transferred to the Property Tax Relief Reserve Fund under section 504(b) of the Taxpayer Relief Act and loaned to the Pennsylvania Gaming Control Board for payment of the board's administrative and operating expenses for the fiscal year commencing July 1, 2007. Funds loaned to the board under this section shall be repaid from the accounts established under 4 Pa.C.S. §1401 (relating to slot machine licensee deposits) in accordance with subsection (b).

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(b) Assessment for repayment.—Notwithstanding the provisions of 4 Pa.C.S. §1901.1 (relating to repayments to State Gaming Fund), the Pennsylvania Gaming Control Board shall assess each slot machine licensee[s] that has commenced the operation of slot machines for repayment of funds transferred and loaned to the board under subsection (a) from the State Gaming Fund in accordance with 4 Pa.C.S. §1402 (relating to gross terminal revenue deductions) for repayment to the Property Tax Relief Reserve Fund no later than August, 1, 2011. [at such time as at least 11 slot machine licenses have been issued and 11 licensed gaming entities have commenced the operation of slot machines]. The board shall adopt a quarterly repayment schedule that assesses to each slot machine licensee costs for the repayment of amounts appropriated under this section in an amount that is proportional to each slot machine licensee's gross terminal revenue. The assessment for repayment shall be equal to an amount calculated as "A" multiplied

by "B", with "A" being equal to the individual slot machine licensee's total gross terminal revenue for the immediate prior four months, divided by the statewide total gross terminal revenue for all operating slot machine licensees for the immediate prior four months; and, "B" being equal to the total outstanding loan amount for repayment to the Property Tax Relief Reserve Fund, divided by the total number of years remaining in the loan repayment period.

(b.1) The Board shall begin assessing each slot machine licensee that was issued a slot machine license and begin the operation of slot machines after the effective date of the (part, act or section ??), four months following the slot machine licensee's commencement of slot machine operations. Said assessment shall be in accordance with subsection (b).

## (c) Property tax relief.-- and a self-transfer and the self-transfer decreases the self-transfer and the self-

- (1) Notwithstanding the provisions of section 504 of the Taxpayer Relief Act, until the loan to the Pennsylvania Gaming Control Board under subsection (a) is repaid, the Secretary of the Budget is authorized to provide for property tax relief under section 503(d) of the Taxpayer Relief Act, regardless of whether the amount deposited in the Property Tax Relief Reserve Fund is less than required by section 504 of the Taxpayer Relief Act.
- (2) Notwithstanding the provisions of 4 Pa.C.S. §1901.1, beginning January 1, 2011, if the Secretary of the Budget determines that the moneys in the Property Tax Relief Re-

serve Fund are needed for property tax relief, the secretary shall notify the Pennsylvania Gaming Control Board and upon notification, the board shall immediately assess each slot machine licensee for the repayment of the loan in an amount that is proportional to each slot machine licensee's gross terminal revenue.

### (d) Other appropriations solely from assessment.--

- (1) All funds for the operation of the Pennsylvania State Police, Department of Revenue and Attorney General are appropriated solely from an assessment on gross terminal revenue from accounts under 4 Pa.C.S. §1401 in an amount equal to that appropriated by the General Assembly for fiscal year 2007-2008. The Pennsylvania State Police, Attorney General or Department of Revenue shall not assess any charge, fee, cost of operations or other payment from a licensed gaming entity in excess of amounts appropriated for fiscal year 2007-2008 unless specifically authorized by law.
- (2) This subsection shall not apply to any voluntary payment made by a new slot machine licensee in accordance with similar payments voluntarily made by existing licensees.

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