

THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1346 Session of
1985

INTRODUCED BY FARGO, TRELLO, McCLATCHY, POTT, DISTLER, ROBBINS,
MERRY, BLACK, SCHULER, ARGALL, JOHNSON, HALUSKA, VROON,
SIRIANNI, BOWSER AND KENNEY, JUNE 3, 1985

REFERRED TO COMMITTEE ON FINANCE, JUNE 3, 1985

AN ACT

1 Establishing the Tax Stabilization Reserve Fund; providing for
2 expenditures from such account; and making an appropriation.

3 The General Assembly of the Commonwealth of Pennsylvania
4 hereby enacts as follows:

5 Section 1. Short title.

6 This act shall be known and may be cited as the Tax
7 Stabilization Reserve Fund Act.

8 Section 2. Legislative findings and conclusions.

9 (a) Findings.--The General Assembly of the Commonwealth
10 hereby finds that:

11 (1) Economic uncertainty arising from national and
12 international events over which the Commonwealth cannot
13 exercise control impairs the ability of the Commonwealth to
14 accurately predict its anticipated revenues and expenditures.

15 (2) Overestimates of revenues and underestimates of
16 expenditures can create serious short-term deficits which
17 generate the need for deficiency appropriations and tax

1 increases.

2 (3) Financing short-term deficits created by economic
3 uncertainty in the past has led to excessive tax increases
4 and erratic changes in tax rates and policies which impaired
5 the attractiveness of this Commonwealth as a location for job
6 creation and business expansion.

7 (4) Recurring deficits occurring during economic
8 downturns can damage the creditworthiness of the Commonwealth
9 and increase the cost of borrowing for essential capital
10 projects.

11 (5) The need to cope with problems arising from the
12 effect of economic uncertainty has often caused lengthy
13 delays in adopting a budget for the Commonwealth, caused
14 cutoffs of vital public programs and endangered the stability
15 and reliability of vital public services and programs.

16 (b) Conclusions.--Therefore, the General Assembly concludes
17 that it is a valid and proper public function to set aside a
18 portion of Commonwealth revenues into a Tax Stabilization
19 Reserve Fund in order to minimize future revenue shortfalls and
20 deficits, provide greater continuity and predictability in the
21 funding of vital government services and minimize the need to
22 increase taxes to balance the budget of the Commonwealth during
23 periods of economic distress.

24 Section 3. Creation of Tax Stabilization Reserve Fund.

25 There is hereby established a special fund to be known as the
26 Tax Stabilization Reserve Fund.

27 Section 4. Funding.

28 (a) Appropriation.--The sum of \$35,000,000 is hereby
29 specifically appropriated from the General Fund to the Tax
30 Stabilization Reserve Fund for fiscal year July 1, 1985, to June

1 30, 1986.

2 (b) Additional funds.--The General Assembly may at any time
3 provide additional amounts from any funds available to this
4 Commonwealth as an appropriation to the Tax Stabilization
5 Reserve Fund.

6 (c) Intent.--It is hereby declared as the intent and goal of
7 the General Assembly to provide a stabilization reserve through
8 appropriations to the Tax Stabilization Reserve Fund in an
9 amount not to exceed 3% of the estimated revenues of the General
10 Fund of the Commonwealth for the fiscal year.

11 Section 5. Disposition of funds.

12 (a) Disposition.--Upon approval of a separate appropriation
13 bill by a vote of two-thirds of the elected members of the
14 Senate and the House of Representatives, funds in the Tax
15 Stabilization Reserve Fund may be made available for the
16 following purposes:

17 (1) To meet emergencies involving the health, safety or
18 welfare of citizens of this Commonwealth.

19 (2) To counterbalance downturns in the economy which
20 result in significant unanticipated revenue shortfalls.

21 (b) Purpose.--It is the intent of the General Assembly that
22 these funds be appropriated only when the emergency or downturn
23 in the economy cannot be dealt with through the normal budget
24 process and that the moneys in the Tax Stabilization Reserve
25 Fund not be used to begin new programs but provide for the
26 continuation of vital public programs in danger of being cut off
27 due to financial problems resulting from the economy.

28 Section 6. Repeals.

29 All acts and parts of acts are repealed insofar as they are
30 inconsistent with this act.

1 Section 7. Effective date.

2 (a) Specific.--Section 4(a) shall take effect July 1, 1985,
3 or immediately, whichever is later.

4 (b) General.--The remainder of this act shall take effect
5 immediately.