
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 201 Session of
2017

INTRODUCED BY GROVE, RYAN, TALLMAN, ORTITAY, GREINER, FEE,
BLOOM, BARRAR, KAUFFMAN, PHILLIPS-HILL, B. MILLER, WARD,
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ELLIS, JAMES, CUTLER, KNOWLES, KEEFER, GILLEN, WARNER,
SCHEMEL, COX AND DUSH, FEBRUARY 1, 2017

REFERRED TO COMMITTEE ON APPROPRIATIONS, FEBRUARY 1, 2017

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, providing for preliminary
3 provisions, for taxation, for fiscal affairs and for
4 Commonwealth budget procedures; establishing the Taxpayers
5 Savings Account; and making related repeals.

6 The General Assembly of the Commonwealth of Pennsylvania
7 hereby enacts as follows:

8 Section 1. Title 72 of the Pennsylvania Consolidated
9 Statutes is amended by adding parts to read:

10 PART I

11 PRELIMINARY PROVISIONS

12 (RESERVED)

13 PART II

14 TAXATION

15 Chapter

16 17. (Reserved)

17 CHAPTER 17

18 (RESERVED)

1 PART III

2 FISCAL AFFAIRS

3 Chapter

4 100. Commonwealth Budget Procedures

5 CHAPTER 100

6 COMMONWEALTH BUDGET PROCEDURES

7 Subchapter

8 A. General Provisions

9 B. Office of the Budget

10 C. Budget Procedures

11 D. Performance, Transparency and Accountability-Based Budgeting

12 E. Expenditures and Lapsed Funds

13 F. Cost Savings and Taxpayers Savings Account

14 G. Contract Transparency

15 H. Implementation

16 SUBCHAPTER A

17 GENERAL PROVISIONS

18 Sec.

19 10001. Scope of chapter.

20 10002. Definitions.

21 10003. Applicability.

22 § 10001. Scope of chapter.

23 The chapter relates to State measurement for accountable,
24 responsive and transparent (SMART) budgeting for the
25 Commonwealth.

26 § 10002. Definitions.

27 The following words and phrases when used in this chapter
28 shall have the meanings given to them in this section unless the
29 context clearly indicates otherwise:

30 "Continuous improvement process system." A system that may

1 involve any of the following strategies:

2 (1) Developing a process map that describes the lean
3 government principles or another widely accepted business
4 process improvement system by which an executive agency
5 engages in specific activities that have the purpose of
6 increasing efficiency and eliminating waste in the processes
7 used to deliver goods and services to taxpayers and customers
8 of the Commonwealth. The term includes the measurement of the
9 outcomes regarding increased efficiency and the elimination
10 of waste and procedures by which the executive agency
11 produces goods or serves its customers.

12 (2) Engaging in specific activities to rapidly improve
13 the executive agency's processes that will increase value or
14 decrease staff time, inventory, defects, overproduction,
15 complexity, delays or excessive movement.

16 (3) Involving executive agency employees at all levels
17 to map the executive agency's processes and recommend
18 improvements, with specific importance placed on the
19 involvement of executive agency employees closest to the
20 customer or end user of the State government product or
21 service.

22 (4) Providing the means to measure each process in order
23 to demonstrate the effectiveness of each process or process
24 improvement.

25 (5) Training executive agency employees to mentor and
26 train other executive agency employees in continuous
27 improvement process system methodologies.

28 "Designated member of the General Assembly." Any of the
29 following:

30 (1) The President pro tempore of the Senate.

1 (2) The Majority Leader of the Senate.

2 (3) The Minority Leader of the Senate.

3 (4) The chairperson of the Appropriations Committee of
4 the Senate.

5 (5) The minority chairperson of the Appropriations
6 Committee of the Senate.

7 (6) The Speaker of the House of Representatives.

8 (7) The Majority Leader of the House of Representatives.

9 (8) The Minority Leader of the House of Representatives.

10 (9) The chairperson of the Appropriations Committee of
11 the House of Representatives.

12 (10) The minority chairperson of the Appropriations
13 Committee of the House of Representatives.

14 "Executive agency." Any of the following:

15 (1) The Governor's Office.

16 (2) A department, board, commission, authority or other
17 agency of the Commonwealth that is subject to the policy
18 supervision and control of the Governor.

19 (3) The Office of Lieutenant Governor.

20 (4) An independent department.

21 (5) An independent agency.

22 "Fiscal year." The period beginning on July 1 of each
23 calendar year and ending on June 30 of the next calendar year.

24 "Independent agency." A board, commission, authority or
25 other agency of the Commonwealth that is not subject to the
26 policy supervision and control of the Governor. The term does
27 not include:

28 (1) a court or agency of the unified judicial system; or

29 (2) the General Assembly or an agency of the General
30 Assembly.

1 "Independent department." Any of the following:

2 (1) The Department of the Auditor General.

3 (2) The Treasury Department.

4 (3) The Office of Attorney General.

5 (4) A board or commission of an entity under paragraph
6 (1), (2) or (3).

7 "Performance evaluation." A regular review of an executive
8 agency's outcomes compared to its published performance goals. A
9 performance evaluation shall be based on actual historical
10 information.

11 "Performance goal." A specific, quantifiable goal related to
12 a performance measure adopted by an executive agency.

13 "Performance management system." A formal system of managing
14 the processes and operations of executive agencies.

15 "Performance measure." A quantitative indicator used to
16 assess the operational performance of an executive agency under
17 a published performance plan. A performance measure must:

18 (1) Apply to activities directly under the influence of
19 the executive agency.

20 (2) Demonstrate the executive agency's efficiency and
21 effectiveness in delivering goods or services to customers
22 and taxpayers.

23 (3) Be reasonably understandable to the public.

24 "Performance plan." A document prepared by an executive
25 agency as part of a performance management system. A performance
26 plan must incorporate the impact of management strategies and
27 continuous improvement process system activities on the costs
28 and efficiency of delivering goods and services to taxpayers and
29 customers of the State government.

30 "Political subdivision." A county, city, borough,

1 incorporated town, township, school district or county
2 institution district.

3 "Process map." A written or visual presentation that
4 describes the steps involved in producing a product or service
5 from beginning to end.

6 "Regulatory agenda." A document prepared by each executive
7 agency and submitted to the Independent Regulatory Review
8 Commission and the General Assembly. A regulatory agenda must
9 contain the following information:

10 (1) A list of any new or revised rule, regulation,
11 standard, order or procedure that the executive agency
12 anticipates proposing during the next fiscal year.

13 (2) The statutory or other basis for any proposed new or
14 revised rule, regulation, standard, order or procedure.

15 (3) The purpose of any proposed new or revised rule,
16 regulation, standard, order or procedure.

17 (4) The contemplated schedule for adoption of any
18 proposed new or revised rule, regulation, standard, order or
19 procedure.

20 (5) The identification of any person or class of persons
21 that may be affected positively or negatively by any proposed
22 new or revised rule, regulation, standard, order or
23 procedure.

24 (6) Anticipated costs regarding any proposed new or
25 revised rule, regulation, standard, order or procedure.

26 (7) Anticipated economic impact regarding any proposed
27 new or revised rule, regulation, standard, order or
28 procedure.

29 "Secretary." The Secretary of the Budget.

30 § 10003. Applicability.

1 This chapter shall not apply to any of the following:

2 (1) A court or agency of the unified judicial system.

3 (2) The General Assembly or an agency of the General
4 Assembly.

5 (3) A political subdivision.

6 (4) A municipal authority or other local authority.

7 (5) An agency of an entity under paragraph (3) or (4).

8 SUBCHAPTER B

9 OFFICE OF THE BUDGET

10 Sec.

11 10011. Administration of office.

12 10012. Duties of office generally.

13 10013. Appointment of secretary.

14 10014. Salary of secretary.

15 § 10011. Administration of office.

16 The Office of the Budget shall be an administrative agency
17 within the Governor's Office.

18 § 10012. Duties of office generally.

19 The Office of the Budget shall:

20 (1) Continue to exercise the powers and perform the
21 duties vested in and imposed upon the Secretary of the
22 Budget.

23 (2) Be centrally concerned with the development of the
24 budget request of the Governor and with the decisions
25 necessary to allocate revenues among the various Commonwealth
26 programs.

27 § 10013. Appointment of secretary.

28 The Governor shall appoint a Secretary of the Budget to serve
29 at the pleasure of the Governor.

30 § 10014. Salary of secretary.

1 (a) Amount.--The annual salary of the Secretary of the
2 Budget shall be \$160,000 or at such higher level as is
3 established by the Governor with the approval of the Executive
4 Board.

5 (b) Definition.--As used in this section, the term
6 "Executive Board" is as described in section 204 of the act of
7 April 9, 1929 (P.L.177, No.175), known as The Administrative
8 Code of 1929.

9 SUBCHAPTER C

10 BUDGET PROCEDURES

11 Sec.

12 10021. Submission of budget information.

13 10022. Presentation of budget.

14 10023. Performance hearing.

15 10024. Regulatory agenda.

16 10025. Annual performance plans.

17 10026. Fiscal note.

18 10027. Revenue estimates.

19 § 10021. Submission of budget information.

20 (a) Commencement.--On July 1 of each year, the secretary
21 shall begin the process of obtaining and preparing the pertinent
22 financial and program information regarding the next fiscal year
23 for review by the Governor and the General Assembly.

24 (b) Request for information.--

25 (1) No later than August 1 of each year, the secretary
26 shall distribute the proper instructions and blanks necessary
27 to the preparation of the budget requests.

28 (2) The request for information under paragraph (1)
29 shall contain a notice that the blanks shall be returned with
30 the information desired, not later than October 1 of the same

1 year.

2 (3) The request for information under paragraph (1)
3 shall be distributed to the following:

4 (i) Each executive agency.

5 (ii) The Chief Clerk of the Senate.

6 (iii) The Chief Clerk of the House of
7 Representatives.

8 (iv) The State court administrator.

9 (v) Each institution or other agency that desires
10 State appropriations.

11 (c) Return of information.--

12 (1) The information requested by the secretary under
13 subsection (b) shall be returned no later than October 1 of
14 the same year that the request was made.

15 (2) An executive agency and the State court
16 administrator shall designate a person to return the
17 information.

18 (3) An executive agency and the State court
19 administrator shall provide the same information submitted to
20 the secretary to a designated member of the General Assembly.

21 (d) Additional information.--In addition to the other
22 information submitted under this section, an executive agency
23 shall also submit the following to the secretary and a
24 designated member of the General Assembly:

25 (1) A performance plan.

26 (2) An update on its continuous improvement process
27 system, including a detailed report on anticipated savings.

28 (3) Its anticipated regulatory agenda for the next
29 fiscal year.

30 (4) A written statement that describes the following:

1 (i) The purposes of each program to be funded.

2 (ii) The expected levels of activity of each program
3 to be funded.

4 (iii) The expected levels of accomplishment
5 regarding each program to be funded.

6 (iv) The measures to be used to determine the extent
7 that each program to be funded has achieved its stated
8 purposes.

9 (e) Publication of information.--Upon receipt of a
10 performance plan of an executive agency, the secretary shall
11 make the performance plan readily accessible on the publicly
12 accessible Internet website of the Office of the Budget.

13 (f) Further inquiry and investigation.--The secretary may
14 make further inquiries and investigations regarding the
15 financial needs, expenditures, revenues, expected levels of
16 program activities and accomplishments or other relevant matters
17 of any entity receiving money from the State Treasury.

18 (g) Determination by Governor.--After providing an entity
19 the opportunity to be heard regarding the information submitted
20 under this section, the Governor may approve, disapprove or
21 alter a budget request.

22 (h) Basis for appropriations.--Before December 16 of each
23 year, the secretary shall submit to the Governor in writing the
24 information provided under this section, along with any
25 additional information requested by the Governor, as the basis
26 for the Governor's requests for appropriations for the next
27 fiscal year.

28 § 10022. Presentation of budget.

29 (a) Review.--No later than December 16 of each year, the
30 Governor and secretary shall provide the members of the General

1 Assembly with a review on the budget for the current fiscal
2 year. This review shall include, but is not limited to, the
3 following:

4 (1) Changes in current revenue projections from the
5 enactment of the General Appropriations Act for the
6 immediately prior fiscal year.

7 (2) State expenditures for the current fiscal year and
8 anticipated overages and lapses from the enactment of the
9 General Appropriation Act for the immediately prior fiscal
10 year.

11 (b) Briefing by Governor.--

12 (1) In December of each year, the Governor shall meet
13 with the following:

14 (i) The chairperson and minority chairperson of the
15 Appropriations Committee of the Senate.

16 (ii) The chairperson and minority chairperson of the
17 Appropriations Committee of the House of Representatives.

18 (iii) The officers of the General Assembly.

19 (2) During the meeting under this subsection, the
20 Governor shall brief the individuals under paragraph (1) on
21 the issues foreseen as being imminent in the budget for the
22 next fiscal year. The Governor and individuals shall exchange
23 views on the issues before the budget is formally presented
24 to the General Assembly. The individuals shall also inform
25 the Governor of financial matters which should be considered
26 in the budget.

27 (3) Discussions under this subsection shall specifically
28 include the following:

29 (i) Major anticipated increases or decreases in
30 programs.

1 (ii) The results or anticipated results of employee
2 union negotiations for salaries, wages and other
3 benefits.

4 (iii) The statistics involved in preliminary
5 forecasts of the major programs mandated by statute,
6 including, but not limited to, education subsidies,
7 public assistance programs, debt service and forecasts of
8 revenue.

9 (iv) Other appropriate budget information.

10 (c) Program evaluation.--The budget shall include the
11 results of any program evaluation report completed by the Office
12 of the Budget in the fiscal year preceding the year in which the
13 budget request is made. The results of any evaluation report and
14 its recommendations shall be concisely summarized and included
15 in the budget documentation.

16 (d) Documentation.--Upon the request of the chairperson of
17 the Appropriations Committee of the Senate or the chairperson of
18 the Appropriations Committee of the House of Representatives, an
19 executive agency shall provide documentation of any budget
20 request, including revenue estimates upon which the budget
21 estimate is based.

22 (e) Contents of submission.--Subject to subsection (f), the
23 Governor shall submit to the General Assembly copies of original
24 agency budget requests, all subsequent revised agency budget
25 requests, a State budget and program and financial plans that
26 include the following:

27 (1) Subject to subsection (g), a balanced operating
28 budget for the next fiscal year setting forth the following
29 in detail:

30 (i) The amounts recommended by the Governor to be

1 appropriated to the General Assembly, the Judicial
2 Department, each executive agency and institutions and
3 other agencies within this Commonwealth, and for all
4 public purposes, classified by department or agency and
5 by program.

6 (ii) The estimated revenues or receipts from each
7 source and an estimated amount to be raised by taxation
8 or otherwise, including proposals for new revenues and
9 receipts.

10 (2) A capital budget for the next fiscal year setting
11 forth capital projects to be financed from the proceeds of
12 obligations of the Commonwealth or its agencies or
13 authorities or from operating funds.

14 (3) Program and financial plans for not less than the
15 immediately prior fiscal year, the current fiscal year and
16 the next four fiscal years, which shall include the following
17 for each fiscal year:

18 (i) Actual or estimated operating expenditures
19 classified by department or agency and by program, in
20 reasonable detail, and actual or estimated revenue by
21 major categories from existing and additional sources.

22 (ii) Clearly stated purposes of each program in
23 terms of desired accomplishments.

24 (iii) Measures used to determine to what extent each
25 program has achieved its stated purposes.

26 (iv) Actual or estimated levels of accomplishment
27 for each program and actual or estimated levels of
28 program activities and their associated costs.

29 (v) Clearly stated purposes for each recommended new
30 or revised program, measures to be used to determine

1 whether each new or revised program has achieved its
2 purpose, estimated levels of additional or new
3 accomplishment of each new or revised program, estimated
4 levels of additional activities for each program and
5 their associated costs.

6 (vi) Use of Federal funds, including requirements by
7 the Federal Government attached to those funds, the use
8 of Federal funds during the immediately prior fiscal year
9 and recommendations to mitigate Federal mandates that
10 State appropriations are being used to match Federal
11 funds.

12 (f) Timeliness of submission.--The submission under
13 subsection (a) shall occur:

14 (1) Subject to paragraph (2), as soon as possible after
15 the organization of the General Assembly, but not later than
16 the first full week in February of each year.

17 (2) No later than the first full week in March of the
18 first year of the first term of the Governor after the
19 gubernatorial election.

20 (g) Rebase of prior year budget.--In each proposed budget,
21 the Governor shall reduce all State expenditures by 15% from the
22 immediate prior fiscal year and may increase the expenditures by
23 the following criteria:

24 (1) Mandated expenses.

25 (2) Performance criteria for executive agency programs.

26 (3) Requests of executive agencies that have been
27 provided to the General Assembly in requested budget
28 documentation.

29 (4) New priorities of the Governor.

30 (h) Limit on increase in expenditures.--Any increase in

1 expenditures for the Governor's proposed budget in the total
2 operating budget shall not exceed the prior fiscal year's
3 expenditures multiplied by the index established under the act
4 of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the
5 Taxpayer Relief Act.

6 (i) New or expanded programs.--

7 (1) When the secretary identifies a new or expanded
8 program by criteria used in the budget instructions, the new
9 or expanded program shall be displayed and justified as a
10 separate item in the Governor's budget request.

11 (2) A new program shall not be considered to be enacted
12 by the General Assembly in its first year unless it is
13 specifically referred to or displayed as a line item in an
14 appropriation bill.

15 (3) A detailed cost-benefit analysis shall be provided
16 for each new or expanded program.

17 (j) Public relations.--

18 (1) The budget shall include for each executive agency a
19 single, separate line item listing the amount that the
20 Governor recommends to be appropriated for the next fiscal
21 year for public relations. This line item shall include:

22 (i) All compensation, including fringe benefits.

23 (ii) All travel, meals, lodging and similar
24 expenses.

25 (iii) The cost of purchasing new equipment and
26 supplies.

27 (iv) The cost of leasing offices and equipment.

28 (v) The cost of purchasing material, including
29 newspapers, magazines, movies, films and tapes.

30 (vi) The cost of using wire service equipment.

1 (vii) All other similar public relations
2 expenditures.

3 (2) For the purposes of paragraph (1), "public
4 relations" shall include the preparation, presentation and
5 distribution of advertising, publications, radio tapes,
6 television films and tapes and media releases.

7 § 10023. Performance hearing.

8 (a) Applicability.--This section relates to a performance
9 hearing by a standing committee to review an executive agency's
10 proposed appropriation for the next fiscal year.

11 (b) Frequency.--Each standing committee shall conduct at
12 least one hearing between October 1 and May 15.

13 (c) Purpose.--Each standing committee shall hear a
14 presentation from each executive agency that is assigned to that
15 standing committee that includes, but is not limited to, the
16 executive agency's performance plan and regulatory agenda for
17 the next fiscal year.

18 (d) Public testimony.--Each standing committee shall allow
19 for written public testimony regarding the presentation by an
20 executive agency.

21 (e) Liaison.--The head of an executive agency shall serve as
22 liaison or designate an individual within the executive agency
23 to serve as liaison with a standing committee. The liaison shall
24 inform the committee of the executive agency's performance
25 management system and performance plan.

26 § 10024. Regulatory agenda.

27 (a) Distribution.--By October 1, 2018, and by each October 1
28 thereafter, each executive agency shall file a regulatory agenda
29 with the Independent Regulatory Review Commission, the President
30 pro tempore of the Senate and the Speaker of the House of

1 Representatives. The President pro tempore of the Senate and the
2 Speaker of the House of Representatives shall distribute the
3 regulatory agenda to the respective standing committee as
4 determined under section 10023(b) (relating to performance
5 hearing).

6 (b) Posting.--By October 1, 2018, and by each October 1
7 thereafter, each executive agency shall post its regulatory
8 agenda on the executive agency's publicly accessible Internet
9 website.

10 § 10025. Annual performance plans.

11 (a) Transmittal.--Following the presentation of the budget
12 under section 10022 (relating to presentation of budget), each
13 executive agency shall transmit its annual performance report
14 for the current fiscal year to all of the following:

15 (1) The chairperson and minority chairperson of the
16 standing committee conducting the performance hearing under
17 section 10023 (relating to performance hearing) for the
18 executive agency.

19 (2) The chairperson and minority chairperson of the
20 Appropriations Committee of the Senate.

21 (3) The chairperson and minority chairperson of the
22 Appropriations Committee of the House of Representatives.

23 (b) Posting.--After transmitting the annual performance
24 report under subsection (a), each executive agency shall post
25 the annual performance report on the executive agency's publicly
26 accessible Internet website.

27 (c) Contents.--An annual performance report must include all
28 of the following:

29 (1) A summary of the executive agency's submitted
30 performance plan.

1 (2) A brief summary of the executive agency's budget
2 request.

3 (3) Performance measurements on how the executive agency
4 has moved toward meeting performance goals for the current
5 fiscal year.

6 (4) Performance measurements for the executive agency's
7 regulatory agenda for the immediately prior fiscal year and
8 current fiscal year.

9 (5) Continuous improvement process system efforts from
10 the current fiscal year and a detailed analysis of cost
11 savings and service improvement.

12 § 10026. Fiscal note.

13 (a) Preparation.--The Office of the Budget shall prepare a
14 fiscal note for regulatory actions and administrative procedures
15 of each executive agency receiving money from the State
16 Treasury. The fiscal note shall state whether the proposed
17 action or procedure causes a loss of revenue or an increase in
18 the cost of programs to the Commonwealth or its political
19 subdivisions.

20 (b) Publication.--Any regulatory action or administrative
21 procedure that requires a fiscal note shall be published in the
22 Pennsylvania Bulletin at the same time that the proposed change
23 is advertised.

24 (c) Contents.--A fiscal note shall provide the following
25 information:

26 (1) The designation of the fund out of which the
27 appropriation providing for expenditures for the action or
28 procedure shall be made.

29 (2) The projected cost of the action or procedure during
30 the fiscal year in which it is implemented and for each of

1 the five succeeding fiscal years.

2 (3) The projected loss of revenue associated with the
3 action or procedure during the fiscal year in which it is
4 implemented and for each of the five succeeding fiscal years.

5 (4) The fiscal history of the action or procedure for
6 which expenditures are to be made.

7 (5) The line item, if any, of the General Appropriation
8 Act or other appropriation act out of which expenditures or
9 losses of Commonwealth funds shall occur as a result of the
10 action or procedure.

11 (6) Any recommendation of the secretary and the reason
12 for the recommendation.

13 § 10027. Revenue estimates.

14 (a) Duty.--In conjunction with the secretary, the Department
15 of Revenue shall make revenue estimates for the use of the
16 Governor in preparing the budget with periodic revisions until
17 the final estimate is signed by the Governor no later than 24
18 hours before enactment of the current General Appropriation Act.

19 (b) Preparation.--The revenue estimates shall be prepared in
20 a way that they are subject to complete and thorough oversight
21 by the Appropriations Committee of the Senate and the
22 Appropriations Committee of the House of Representatives with
23 full knowledge of all data, assumptions and econometric models
24 that were used to develop the projections and any subsequent
25 revisions of these projections.

26 (c) Revenue estimate committee.--

27 (1) A committee is established to oversee the
28 development, maintenance and use of an econometric model that
29 may be applied to forecast State revenues.

30 (2) The revenue estimate committee shall consist of:

1 (i) The Governor.
2 (ii) The secretary.
3 (iii) The Secretary of Revenue.

4 (iv) The chairperson and minority chairperson of the
5 Appropriations Committee of the Senate.

6 (v) The chairperson and minority chairperson of the
7 Appropriations Committee of the House of Representatives.

8 (d) Model.--A model shall be developed to forecast State
9 revenues. The following shall apply:

10 (1) The Governor's Office shall:

11 (i) maintain and update the model or appoint an
12 appropriate agency to do so; and

13 (ii) inform the revenue estimate committee of any
14 changes or updates to be made to the model.

15 (2) The equations of the model and any historical
16 databases related to the model shall be available, upon
17 request at any time and for any reason, to a member of the
18 revenue estimate committee.

19 (3) The individuals under paragraph (2) may request the
20 Governor's Office or the appropriate agency to run the model
21 for any purpose, including to test new equations or produce
22 forecasts.

23 (4) A forecast produced by the model and any related
24 forecasted database shall be kept confidential by the
25 Governor's Office and the appropriate agency producing the
26 forecast unless the individual requesting the forecast waives
27 confidentiality. This paragraph shall not be construed to
28 prevent access by the Appropriations Committees of the Senate
29 or the Appropriations Committee of the House of
30 Representatives to a forecast used in the preparation of the

1 Governor's revenue estimates after the presentation of the
2 budget.

3 (e) Revision.--Notwithstanding any other provisions of this
4 chapter to the contrary, in conjunction with the secretary and
5 within 60 days of the effective date of this subsection, the
6 Department of Revenue may revise the official revenue estimates
7 for the Commonwealth to account for additional revenues
8 projected to be generated by actions taken and finalized prior
9 to the revision regarding increasing regulatory fee rates,
10 revising pricing policies or transferring retained earnings.

11 (f) Contents.--The revenue estimates used to sign any
12 appropriations bill shall show separately State revenues,
13 Federal funds, and, if specifically appropriated, funds from
14 other sources.

15 (g) Duty of Governor.--Prior to signing an appropriations
16 bill or allowing an appropriations bill to become law without
17 the signature of the Governor, the Governor shall line item veto
18 any part of an appropriations bill that causes total
19 appropriations to exceed the official estimates plus any
20 unappropriated surplus. No changes in the revenue estimates
21 shall be made thereafter unless changes in statutes affecting
22 revenues and receipts are enacted.

23 SUBCHAPTER D

24 PERFORMANCE, TRANSPARENCY AND

25 ACCOUNTABILITY-BASED BUDGETING

26 Sec.

27 10031. Performance management systems.

28 10032. Performance plans.

29 10033. Performance evaluations.

30 10034. Performance audits.

1 10035. Online Commonwealth checkbook.

2 10036. Estimates of current expenditures by certain executive
3 agencies.

4 10037. Estimates of current expenditures by independent
5 departments.

6 10038. Books and accounts.

7 10039. Audit of Auditor General records.

8 § 10031. Performance management systems.

9 (a) Development.--

10 (1) The Governor shall develop components of a
11 performance management system for managing executive agencies
12 through instructions issued by the secretary.

13 (2) The Judicial Department shall develop components of
14 a performance management system for managing the judicial
15 branch through instructions issued by the Administrative
16 Office of Pennsylvania Courts.

17 (b) Contents.--A performance management system under this
18 section must address all of the following:

19 (1) Strategic goals and priorities that are consistent
20 with the charge of the respective executive agency or entity
21 within the Judicial Department.

22 (2) Strategies for enhancing productivity, improving
23 efficiency, reducing costs and eliminating waste in the
24 processes and operations that deliver goods and services to
25 taxpayers and customers of State government.

26 (3) Parameters for the development of performance plans.

27 (4) A continuous improvement process system.

28 (5) Elements to ensure that employees are appropriately
29 trained to implement the components under this subsection.

30 (c) Publication.--By July 1, 2018, and by each July 1

1 thereafter:

2 (1) The Governor shall publish the components under
3 subsection (a) (1).

4 (2) The Judicial Department shall publish the components
5 under subsection (a) (2).

6 (d) Posting.--The secretary and the Administrative Office of
7 Pennsylvania Courts shall post the instructions under subsection
8 (a) on its publicly accessible Internet website.

9 § 10032. Performance plans.

10 (a) Development.--By August 1, 2018, and by each August 1
11 thereafter, each executive agency and the Administrative Office
12 of Pennsylvania Courts shall develop a performance plan in
13 accordance with the developed performance management system.

14 (b) Purpose.--A performance plan shall serve as a guide to
15 the major functions of an executive agency or the Judicial
16 Department and as a tool to evaluate performance goals over
17 time.

18 (c) Contents.--At a minimum, a performance plan must include
19 the following components regarding the executive agency or
20 entity within the Judicial Department:

21 (1) A statement of its mission or vision.

22 (2) A description of its major functions.

23 (3) Performance measures for its major functions. If
24 reasonable and appropriate, performance measures shall be
25 developed with the input of its employees or certified
26 employee organizations.

27 (4) Performance goals that correspond to its performance
28 measures and extend to at least three years into the future.

29 (5) A narrative description of the strategies necessary
30 to meet the performance goals.

1 (6) A summary of its most recent performance evaluation.

2 (d) Revisions.--

3 (1) An executive agency or the Administrative Office of
4 Pennsylvania Courts may further refine a performance plan in
5 the performance management system published under section
6 10031 (relating to performance management systems).

7 (2) The secretary or another individual within the
8 Office of the Budget may not edit a transmitted performance
9 plan or any information related to the performance plan.

10 (e) Transmittal.--By August 1, 2018, and by each August 1
11 thereafter, each completed performance plan shall be transmitted
12 to all of the following:

13 (1) The secretary.

14 (2) The Governor's Office.

15 (3) The chairperson and minority chairperson of the
16 Appropriations Committee of the Senate.

17 (4) The chairperson and minority chairperson of the
18 Appropriations Committee of the House of Representatives.

19 (5) The chairperson and minority chairperson of the
20 standing committee conducting the performance hearing under
21 section 10023 (relating to performance hearing) for the
22 executive agency.

23 (f) Posting.--By August 1, 2018, and by each August 1
24 thereafter, each executive agency and the Administrative Office
25 of Pennsylvania Courts shall post the completed performance plan
26 on its publicly accessible Internet website and on the publicly
27 accessible Internet website of the Office of the Budget.

28 (g) Retirement systems.--The Public School Employees'
29 Retirement System and the State Employees' Retirement System
30 shall comply with the requirements of this section.

1 § 10033. Performance evaluations.

2 (a) Distribution.--An executive agency shall conduct a
3 performance evaluation and distribute it to each designated
4 member of the General Assembly.

5 (b) Frequency.--A performance evaluation shall be
6 distributed at least twice each calendar year as defined in the
7 published performance management system.

8 § 10034. Performance audits.

9 (a) Frequency.--The Department of the Auditor General shall,
10 within existing resources, conduct or cause to be conducted
11 performance audits of one or more specific programs or services
12 in at least two executive agencies on an annual basis during the
13 regular audit of the executive agency.

14 (b) Selection considerations.--In selecting an executive
15 agency and a specific program or service for a performance
16 audit, the Department of the Auditor General shall consider
17 risk, audit coverage, resources required to conduct the
18 performance audit and the impact of the audited program or
19 service on the executive agency's performance-based goals.

20 (c) Review.--A performance audit of a program or service
21 selected for audit may include, but is not limited to, a review
22 of all of the following:

23 (1) The integrity of the performance measures audited.

24 (2) The accuracy and validity of reported results.

25 (3) The overall cost and effectiveness of the audited
26 program or service in achieving legislative intent and the
27 performance goals.

28 (d) Transmittal.--The Department of the Auditor General
29 shall transmit each performance audit report for the immediately
30 prior fiscal year to the chairperson and minority chairperson of

1 the standing committees with jurisdiction over the executive
2 agency.

3 (e) Other reports.--The Department of the Auditor General
4 shall transmit any other audit report regarding an executive
5 agency that is deemed relevant for review by a standing
6 committee with jurisdiction over the executive agency.
7 § 10035. Online Commonwealth checkbook.

8 (a) Website.--The Office of Administration, in conjunction
9 with the secretary and the State Treasurer, shall develop and
10 maintain a publicly accessible Internet website with a ledger of
11 the financial transactions of the Commonwealth, including the
12 following information:

13 (1) The total operating budget expenditures and
14 available balance of the Commonwealth.

15 (2) The delineated expenditures for each Commonwealth
16 fund, including restricted funds and corresponding account
17 balances.

18 (3) The delineated expenditures for each executive
19 agency, including corresponding line items and Commonwealth
20 funds from which the expenditures were made.

21 (4) The expenditures within the General Fund delineated
22 by executive agency, line item and corresponding account
23 balance.

24 (5) The source of revenue for each Commonwealth fund,
25 including money appropriated by the Federal Government.

26 (6) Payments from the State Employees' Retirement Fund
27 and the overall funding status of the State Employees'
28 Retirement Fund.

29 (7) Payments from the Public School Employees'
30 Retirement Fund and the overall funding status of the Public

1 School Employees' Retirement Fund.

2 (8) Any information on contracted expenditures within
3 executive agencies and the revenue used to pay for the
4 expenditures.

5 (b) Confidential information.--In order to protect sensitive
6 material, any confidential information shall be redacted from
7 the ledger, except that any redacted information shall be made
8 available to any of the following:

9 (1) The President pro tempore of the Senate.

10 (2) The Majority Leader and Minority Leader of the
11 Senate.

12 (3) The chairperson and minority chairperson of the
13 Appropriations Committee of the Senate.

14 (4) The Speaker of the House of Representatives.

15 (5) The Majority Leader and Minority Leader of the House
16 of Representatives.

17 (6) The chairperson and minority chairperson of the
18 Appropriations Committee of the House of Representatives.

19 (c) Update.--The Office of Administration, in conjunction
20 with the secretary, shall develop and maintain a comprehensive
21 and uniform computer-based ledger system so that each executive
22 agency can easily update the online ledger in real time.

23 § 10036. Estimates of current expenditures by certain executive
24 agencies.

25 (a) Preparation.--Each executive agency, other than an
26 independent department, shall, from time to time, as requested
27 by the Governor or a designated member of the General Assembly,
28 prepare an estimate of the amount of money required and the
29 levels of activity and accomplishment for each program carried
30 on by the executive agency, during the next month, quarter or

1 other period as the Governor or designated member of the General
2 Assembly shall prescribe.

3 (b) Inclusion of other funds.--All available Federal funds
4 and funds from other sources shall be characterized as such and
5 included in the estimate under subsection (a) before any
6 expenditures shall be made.

7 (c) Submittal.--The estimate under this section shall be
8 submitted to the secretary for approval or disapproval and the
9 Appropriations Committee of the Senate and the Appropriations
10 Committee of the House of Representatives.

11 (d) Revision.--If the secretary does not approve an estimate
12 under this section, the estimate shall be revised as necessary
13 and resubmitted for approval.

14 (e) Personnel complement level.--The secretary may establish
15 an authorized personnel complement level in conjunction with the
16 approved estimate under this section.

17 (f) Prohibited spending.--After the approval of the estimate
18 under this section, the executive agency submitting the estimate
19 may not expend all or part of any appropriation, Federal funds
20 or funds from other sources except in accordance with the
21 estimate and any authorized complement level, unless the
22 estimate is revised with the approval of the secretary and
23 within the limits appropriated by the General Assembly.

24 (g) Failure to comply.--

25 (1) If an executive agency to which this section applies
26 fails or refuses to submit to the secretary an estimate under
27 this section, the Governor may notify the State Treasurer in
28 writing of the failure or refusal.

29 (2) After receipt of the notice under paragraph (1), the
30 State Treasurer may not draw any warrant in favor of the

1 executive agency until the Governor notifies the State
2 Treasurer in writing that the delinquent executive agency has
3 furnished the Governor with, and the Governor has approved,
4 the required estimate.

5 (h) Disapproval or reduction of appropriated amounts.--

6 (1) The secretary may not, under the authority granted
7 under this section, disapprove or reduce any amount
8 appropriated by the General Assembly for grants or subsidies
9 without the approval of the Appropriations Committee of the
10 Senate and the Appropriations Committee of the House of
11 Representatives.

12 (2) If the secretary favors the disapproval or reduction
13 under paragraph (1), the secretary shall give at least 10
14 days' prior notice to the chairperson and minority
15 chairperson of the Appropriations Committee of the Senate and
16 the chairperson and minority chairperson of the
17 Appropriations Committee of the House of Representatives.

18 (3) The notice under paragraph (2) must include all of
19 the following:

20 (i) The amount of the appropriation to be
21 disapproved or reduced.

22 (ii) The reasons that the appropriation should be
23 disapproved or reduced.

24 (iii) The estimated impact of the disapproval or
25 reduction on the programs, services or purposes for which
26 the appropriation is provided.

27 (4) Disapproval or reduction under this subsection may
28 only occur by a majority vote of the Appropriations Committee
29 of the Senate and the Appropriations Committee of the House
30 of Representatives.

1 § 10037. Estimates of current expenditures by independent
2 departments.

3 (a) Preparation.--Each independent department shall, from
4 time to time, as requested by the Governor, prepare an estimate
5 of the amount of money required for each activity or function to
6 be carried on by the independent department during the next
7 month, quarter or other period as the Governor shall prescribe.

8 (b) Submittal.--The estimate under this section shall be
9 submitted to the secretary for approval or disapproval and to
10 the Appropriations Committee of the Senate and the
11 Appropriations Committee of the House of Representatives.

12 § 10038. Books and accounts.

13 All books and accounts kept by each executive agency shall be
14 kept on a fiscal year basis.

15 § 10039. Audit of Auditor General records.

16 The Auditor General and the Department of the Auditor General
17 shall submit to any accountants appointed by the Governor for
18 the purpose of making an audit of the affairs of the Auditor
19 General and the Department of the Auditor General all books,
20 papers and other records that in any way pertain to that
21 position and department.

22 SUBCHAPTER E

23 EXPENDITURES AND LAPSED FUNDS

24 Sec.

25 10041. Unexpended appropriations.

26 10042. Carryover appropriations.

27 10043. Budget implementation data.

28 10044. Revenue data.

29 10045. Lapsed funds.

30 10046. Disposition of Commonwealth assets.

1 10047. Tax expenditures.

2 10048. Reappropriation of certain lapsed money.

3 10049. Federal funds.

4 § 10041. Unexpended appropriations.

5 (a) Report.--By May 15 of each year, the Governor shall
6 provide the General Assembly with a detailed report on all
7 potential unexpended appropriations for that fiscal year.

8 (b) Account and subsequent appropriations.--At the end of
9 the fiscal year, all unexpended appropriations shall be placed
10 into a restricted account and appropriated during the next
11 fiscal year by the General Assembly.

12 § 10042. Carryover appropriations.

13 (a) Report.--By May 15 of each year, the Governor shall
14 provide the General Assembly with a detailed report of specific
15 appropriations of the current fiscal year that may need to be
16 carried over to the next fiscal year.

17 (b) Limitation.--A carryover of an appropriated amount for a
18 fiscal year may not extend past October 31 of the next fiscal
19 year.

20 § 10043. Budget implementation data.

21 (a) Duty.--The Governor, the Auditor General, the State
22 Treasurer and the Attorney General shall make monthly
23 expenditure data available to each designated member of the
24 General Assembly.

25 (b) Timeliness.--Monthly data shall be provided within 15
26 days after the end of each month.

27 (c) Presentation.--

28 (1) Monthly data shall be:

29 (i) prepared in such a way that the last monthly
30 submission is a summary inclusive of the preceding months

1 of the fiscal year; and

2 (ii) able to establish a history of expenditure
3 file.

4 (2) At the discretion of the chairperson and minority
5 chairperson of the Appropriations Committee of the Senate and
6 the chairperson and minority chairperson of the
7 Appropriations Committee of the House of Representatives,
8 monthly data may be provided in a finished report or in a
9 computer file.

10 (3) Monthly data shall be provided by fund,
11 appropriation, department and organization within each
12 department and include all of the following:

13 (i) The number and costs of filled personnel
14 positions.

15 (ii) Itemized personnel vacancies and their costs.

16 (iii) New positions created and their costs.

17 (iv) Wage and overtime costs.

18 (v) Allotments and expenditures for itemized
19 personnel expenses.

20 (vi) Allotments and expenditures for itemized
21 operating expenses.

22 (vii) Allotments and expenditures for itemized fixed
23 assets.

24 (viii) The rate of expenditures in appropriations
25 for major subsidy and grant programs during the month.

26 (d) Other budgetary data.--Upon the request of a designated
27 member of the General Assembly, the Governor, the Auditor
28 General, the State Treasurer and the Attorney General shall make
29 available to that member any other budgetary data as may be
30 requested from time to time.

1 § 10044. Revenue data.

2 (a) Duty.--The Governor shall make monthly revenue reports
3 to each designated member of the General Assembly.

4 (b) Contents of report.--A revenue report shall show the
5 actual collection of revenue itemized by source and a comparison
6 of the actual collections with estimated collections for each
7 month. The comparison shall be accompanied by an analysis
8 indicating any change in collection patterns that will cause a
9 shortfall or overrun on the annual estimates of more than one
10 percent.

11 (c) Other revenue data.--Upon the request of a designated
12 member of the General Assembly, the Governor shall make
13 available to that member any other revenue data as may be
14 requested from time to time.

15 § 10045. Lapsed funds.

16 (a) Encumbrances generally.--

17 (1) Each action regarding the encumbrance of funds shall
18 be supported by complete documentation.

19 (2) Each procurement document must have a specified
20 delivery date.

21 (3) Encumbrances shall be expended as provided under
22 this section.

23 (b) Personnel services.--Payments for personnel services
24 shall be charged to the fiscal year in which the expense was
25 incurred or the liability accrued.

26 (c) Operational expenses.--Payments for operational
27 expenses, grants or subsidies shall be charged as follows:

28 (1) Purchases of supplies shall be charged to the fiscal
29 year in which the actual expenses or commitment to purchase
30 was incurred.

1 (2) Contracted services and rentals, excluding rentals
2 regarding the Department of General Services, shall be
3 charged to the fiscal year in which the service was provided
4 or rental occurred.

5 (3) Contracted repairs shall be charged to the fiscal
6 year in which the encumbrance was created.

7 (4) Grants and subsidies shall be charged to the fiscal
8 year in which funds were appropriated, encumbered or
9 allocated for their designated purpose.

10 (5) Except as otherwise provided in this section, no
11 encumbrance for operational expenses and grants or subsidies
12 shall be made after May 31 in the fiscal year to which the
13 encumbrance is charged.

14 (6) Encumbrances for operational expenses and grants and
15 subsidies made because of purchase orders issued from
16 purchase requisitions or because of an emergency may be
17 created subsequent to May 31 but not later than June 30.

18 (7) Encumbrances for economic development grants or
19 projects may be retained until the close of the second fiscal
20 year following the fiscal year in which the original grants
21 or projects were encumbered.

22 (d) Fixed assets.--Fixed assets shall be charged as follows:

23 (1) Purchase or cost of fixed assets shall be charged to
24 the fiscal year in which the encumbrance was created.

25 (2) Except as otherwise provided in this section, no
26 encumbrance for fixed assets shall be made after May 31 in
27 the fiscal year to which the encumbrance is charged.

28 (3) Encumbrances for fixed assets made because of
29 purchase orders issued from purchase requisitions or because
30 of an emergency may be created subsequent to May 31 but not

1 later than June 30.

2 (e) Prior year encumbrance.--Outstanding prior year
3 encumbrances shall be canceled as of October 31, except for
4 those involving construction, repairs and improvements or items
5 being litigated.

6 (f) Available balance.--An available balance created by the
7 liquidation or cancellation of an encumbrance from a prior
8 fiscal year shall be lapsed. The balance may not be transferred
9 between major categories of expenditures and may not be used to
10 create any new obligation.

11 (g) Limitation on holding encumbrance.--Except as a result
12 of litigation, an encumbrance may not be held past October 31 of
13 the next complete fiscal year.

14 (h) Limitation on transfer.--In no case shall there be a
15 transfer of funds from an encumbrance in one major category of
16 expenditure to an encumbrance in another major category of
17 expenditure.

18 (i) Deadline.--A deadline for creating an encumbrance shall
19 be extended when the encumbrance applies to an appropriation
20 received after the deadline under this section.

21 (j) Time limitation.--In no case shall an encumbrance be
22 created after June 30 of the fiscal year in which the
23 appropriation was made.

24 (k) Report on encumbered funds.--By November 30 of each
25 year, the secretary shall provide the Governor and the General
26 Assembly a detailed report on the disposition of encumbered
27 funds.

28 (l) Waiver.--

29 (1) The secretary may request a waiver for any provision
30 of this section upon the written request of an executive

1 agency justifying an exception to the provision. If the
2 secretary decides to approve the request, the secretary shall
3 submit the request along with the secretary's written fiscal
4 analysis and detailed justification for the waiver of the
5 provision to the chairperson and minority chairperson of the
6 Appropriations Committee of the Senate and the chairperson
7 and minority chairperson of the Appropriations Committee of
8 the House of Representatives for their review.

9 (2) Approval of the waiver may occur only by majority
10 vote in both the Appropriations Committee of the Senate and
11 the Appropriations Committee of the House of Representatives.

12 (m) Definitions.--The following words and phrases when used
13 in this section shall have the meanings given to them in this
14 subsection unless the context clearly indicates otherwise:

15 "Contracted repairs." All repairs, including costs that will
16 restore an asset to the condition that will permit the effective
17 use of the asset up to but not beyond its previously determined
18 useful life, to buildings, grounds, roads, fixed and movable
19 equipment and furniture, excluding maintenance and repair work
20 performed by State employees.

21 "Economic development." A program to maximize employment
22 opportunities, economic growth and development of communities
23 and the overall economic development of this Commonwealth
24 through industrial development, employability development,
25 community development, resource development, labor-management
26 relations and job training.

27 "Emergency." A situation or circumstance that threatens the
28 continued operation of government or the health, safety or lives
29 of the residents of this Commonwealth.

30 "Encumbrance." An obligation or commitment in the form of

1 purchase orders, field purchase orders, contracts, grant
2 agreements or other authorizing documents related to unperformed
3 contracts for goods and services that are chargeable to an
4 appropriation and for which a part of the appropriation is
5 reserved.

6 "Fixed asset." Includes the following:

7 (1) With respect to machinery, equipment or furniture,
8 an item that can be:

9 (i) expected to have a useful life of more than one
10 year;

11 (ii) used repeatedly without materially changing or
12 impairing its physical condition; and

13 (iii) kept in serviceable condition by normal
14 repair, maintenance or replacement of components.

15 (2) Livestock, game and poultry purchased primarily for
16 farm stock, breeding or similar use.

17 (3) Land acquisitions, acquisitions of buildings or
18 structures, capital improvements to buildings or structures
19 and nonstructural improvements.

20 "Grants and subsidies." Includes any payment, award, bounty
21 or indemnity made by the Commonwealth to a political
22 subdivision, individual, institution or organization for which
23 no direct services are rendered to the Commonwealth.

24 "Litigation." Any pending, proposed or current action or
25 matter, including arbitration or audit, subject to appeal before
26 a court of law or administrative adjudicative body, the decision
27 of which body may be appealed to a court of law.

28 "Major categories of expenditure." Includes personnel
29 services, operational expenses, fixed assets, grants and
30 subsidies, debt service and fixed charges and nonexpense items.

1 "Operational expenses." Includes the following:

2 (1) The cost of commodities, substances or manufactured
3 articles that are used or consumed in current operation or
4 processed in the construction or manufacture of articles.

5 (2) Equipment, expendable tools and other articles not
6 meeting the criteria for machinery and equipment as fixed
7 assets.

8 (3) Services performed by an executive agency or another
9 agency within or outside the Commonwealth, which may include
10 the use of equipment or the furnishing of commodities in
11 connection with these services under an express or implied
12 contract.

13 "Personnel services." Includes the following:

14 (1) The cost of salaries and wages paid to or on behalf
15 of State officials and employees for services rendered.

16 (2) The State share of payroll taxes, employee benefits,
17 unemployment compensation, employee training and annual and
18 sick leave payouts, paid to or on behalf of State officials
19 and employees for services rendered.

20 (3) Benefits paid to State annuitants.

21 "Procurement document." A document authorizing delivery of
22 specified items or the rendering of certain services and the
23 incurrence of a charge for them. The term includes a purchase
24 order, field purchase order, lease, contract or other
25 authorizing document.

26 "Purchase requisition." A written or electronic request to
27 the central purchasing agency for the purchase of specified
28 items.

29 § 10046. Disposition of Commonwealth assets.

30 Money received from the disposition of assets of the

1 Commonwealth shall be deposited into the Budget Stabilization
2 Reserve Fund established under section 1701-A of the act of
3 April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.
4 § 10047. Tax expenditures.

5 (a) Applicability.--This section relates to a tax
6 expenditure under any of the following:

7 (1) Sales tax imposed under Article II of the act of
8 March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of
9 1971.

10 (2) Personal income tax imposed under Article III of the
11 Tax Reform Code of 1971.

12 (3) Corporate net income tax imposed under Article IV of
13 the Tax Reform Code of 1971.

14 (4) Capital stock and franchise tax imposed under
15 Article VI of the Tax Reform Code of 1971.

16 (5) Bank and trust company shares tax imposed under
17 Article VII of the Tax Reform Code of 1971.

18 (6) Title insurance shares tax imposed under Article
19 VIII of the Tax Reform Code of 1971.

20 (7) Insurance premiums tax imposed under Article IX of
21 the Tax Reform Code of 1971.

22 (8) Utility gross receipts tax imposed under Article XI
23 of the Tax Reform Code of 1971.

24 (9) Utility realty tax imposed under Article XI-A of the
25 Tax Reform Code of 1971.

26 (10) Realty transfer tax imposed under Article XI-C of
27 the Tax Reform Code of 1971.

28 (11) Cigarette tax imposed under Article XII of the Tax
29 Reform Code of 1971.

30 (12) Mutual thrift institutions tax imposed under

1 Article XV of the Tax Reform Code of 1971.

2 (13) Malt beverage tax imposed under Article XX of the
3 Tax Reform Code of 1971.

4 (14) Inheritance tax imposed under Article XXI of the
5 Tax Reform Code of 1971.

6 (15) Vehicle registration fees imposed under to 75
7 Pa.C.S. (relating to vehicles).

8 (16) Liquid fuels and fuel use taxes imposed under 75
9 Pa.C.S. Ch.90 (relating to liquid fuels and fuels tax).

10 (17) Oil company franchise tax imposed under 75 Pa.C.S.
11 Ch. 95 (relating to taxes for highway maintenance and
12 construction).

13 (18) Motor carriers road tax imposed under 75 Pa.C.S.
14 Ch. 96 (relating to motor carriers road tax).

15 (19) Motorbus road tax imposed under 75 Pa.C.S. Ch. 98
16 (relating to motorbus road tax credit or refund).

17 (20) Marine insurance tax imposed under the act of May
18 13, 1927 (P.L.998, No.486).

19 (21) Unemployment compensation contributions imposed
20 under the act of December 5, 1936 (2nd Sp.Sess., 1937
21 P.L.2897, No.1), known as the Unemployment Compensation Law.

22 (22) Co-operative agricultural association corporate net
23 income tax imposed under the act of May 23, 1945 (P.L.893,
24 No.360), known as the Co-operative Agricultural Association
25 Corporate Net Income Tax Act.

26 (23) Exemptions granted under any of the following:

27 (i) 40 Pa.C.S. § 6307(b) (relating to exemptions
28 applicable to certificated professional health service
29 corporations).

30 (ii) 53 Pa.C.S. Ch.55 (relating to parking

1 authorities).

2 (iii) 53 Pa.C.S. Ch. 56 (relating to municipal
3 authorities).

4 (iv) Section 23 of the act of May 28, 1937 (P.L.955,
5 No.265), known as the Housing Authorities Law.

6 (v) Section 14 of the act of July 5, 1947 (P.L.1217,
7 No.498), known as the State Public School Building
8 Authority Act.

9 (vi) Section 15 of the act of March 31, 1949
10 (P.L.372, No.34), known as The General State Authority
11 Act of one thousand nine hundred forty-nine.

12 (24) Any statutory exemption, reduction, deduction,
13 limitation, exclusion, tax deferral, discount, commission,
14 credit, preferential rate or preferential treatment
15 established after the effective date of this section.

16 (b) Duty to submit plan.--At the time of the presentation of
17 the budget under section 10022 (relating to presentation of
18 budget), the Governor shall submit to the General Assembly a tax
19 expenditure plan for not less than the immediately prior fiscal
20 year, the current fiscal year and the next four fiscal years.

21 (c) General contents.--

22 (1) A tax expenditure plan shall include the following
23 information:

24 (i) The actual or estimated revenue loss to the
25 Commonwealth caused by each tax expenditure in each
26 fiscal year covered by the plan.

27 (ii) The actual or estimated cost of administering
28 and implementing each tax expenditure for each fiscal
29 year covered by the plan.

30 (iii) The actual or estimated number and

1 description, in reasonable detail, of taxpayers
2 benefiting from each tax expenditure in each fiscal year
3 covered by the plan.

4 (iv) The purpose of each tax expenditure in terms of
5 desired accomplishments.

6 (2) The data in a tax expenditure plan shall be revised
7 and updated every two years.

8 (d) Specific contents.--A tax expenditure plan shall include
9 the following information according to the following annual
10 schedule:

11 (1) For the first fiscal year in which a tax expenditure
12 plan is required, the plan need only provide the required
13 information for tax expenditures itemized in subsection (a)
14 (1), (5), (6), (7), (12), (20) and (21).

15 (2) For the second year in which a tax expenditure plan
16 is required, the plan need only provide the required
17 information:

18 (i) under paragraph (1); and

19 (ii) for the tax expenditures itemized in subsection
20 (a) (3), (4), (8), (9) and (22).

21 (3) For the third year in which a tax expenditure plan
22 is required, the plan need only provide the required
23 information:

24 (i) under paragraph (2); and

25 (ii) for the tax expenditures itemized in subsection
26 (a) (2), (15), (16), (17) and (18).

27 (4) For the fourth year in which a tax expenditure plan
28 is required, the plan shall provide the required information
29 for all the tax expenditures itemized in subsection (a).

30 (e) Discretionary assessment.--The Governor may submit to

1 the General Assembly an assessment of each tax expenditure based
2 on whether or not each tax expenditure has been successful in
3 meeting the purpose for which it was enacted and on whether each
4 tax expenditure is the most fiscally effective means of
5 achieving its purpose.

6 (f) Obtaining information.--

7 (1) The secretary may obtain the necessary data and
8 other information required to comply with this section from
9 each executive agency in the same manner as provided for
10 budget information under this chapter.

11 (2) The secretary is authorized to obtain the necessary
12 data and other information required to comply with this
13 section from the appropriate local government officials.

14 (g) Religious institutions.--The General Assembly recognizes
15 that the exemption from taxation accorded religious institutions
16 is founded on principles of church-state separation, and:

17 (1) Nothing in this section is intended to express or
18 imply that tax exemption constitutes subsidization of the
19 religious activities of these institutions.

20 (2) This section shall not be construed to authorize the
21 imposition of any additional requirements on these
22 institutions relating to tax exemption.

23 (h) Definitions.--The following words and phrases when used
24 in this section shall have the meanings given to them in this
25 subsection unless the context clearly indicates otherwise:

26 "Tax expenditure." A reduction in revenue that would
27 otherwise be collected by the Commonwealth as the result of an
28 exemption, reduction, deduction, limitation, exclusion, tax
29 deferral, discount, commission, credit, preferential rate or
30 preferential treatment, except for local tax purposes, under any

1 of the provisions under subsection (a).

2 § 10048. Reappropriation of certain lapsed money.

3 Notwithstanding the provisions of section 4 of the act of
4 July 10, 1986 (P.L.1398, No.122), known as the Energy
5 Conservation and Assistance Act, requiring at least 75% of the
6 annual appropriation made from the fund shall be for the
7 supplemental programs established in section 5 of that act, any
8 funds lapsed from an annual appropriation may be reappropriated
9 by the General Assembly to the program which lapsed the funds.

10 § 10049. Federal funds.

11 By May 15 of each year, the Office of the Budget shall submit
12 to the General Assembly a detailed report on the use of Federal
13 funds, including, but not limited to:

14 (1) Unused Federal funds and their corresponding
15 matching State funds for the current fiscal year.

16 (2) Federal requirements attached to those Federal funds
17 and the State costs to meet the requirements.

18 (3) Recommendations to meet Federal requirements for
19 each program at a lower cost to the Commonwealth.

20 SUBCHAPTER F

21 COST SAVINGS AND TAXPAYERS SAVINGS ACCOUNT

22 Sec.

23 10051. Notice of savings by executive agency.

24 10052. Notice of savings by secretary.

25 10053. Transfer by Treasury Department.

26 10054. Waiver request.

27 10055. Taxpayers Savings Account.

28 § 10051. Notice of savings by executive agency.

29 Following the enactment of the general appropriation bill for
30 a given fiscal year and prior to the passage of the general

1 appropriation bill for the fiscal year that immediately follows,
2 an executive agency shall provide notice of any savings realized
3 from its line items within the enacted appropriation bill to the
4 secretary within 14 calendar days of determining the existence
5 of the savings.

6 § 10052. Notice of savings by secretary.

7 Upon receiving notice under section 10051 (relating to notice
8 of savings by executive agency), the secretary shall send
9 written notification of the savings realized to the following:

10 (1) The Treasury Department.

11 (2) The following members of the Senate:

12 (i) The President pro tempore of the Senate.

13 (ii) The Majority Leader of the Senate.

14 (iii) The Minority Leader of the Senate.

15 (iv) The chairperson of the Appropriations Committee
16 of the Senate.

17 (v) The minority chairperson of the Appropriations
18 Committee of the Senate.

19 (3) The following members of the House of
20 Representatives:

21 (i) The Speaker of the House of Representatives.

22 (ii) The Majority Leader of the House of
23 Representatives.

24 (iii) The Minority Leader of the House of
25 Representatives.

26 (iv) The chairperson of the Appropriations Committee
27 of the House of Representatives.

28 (v) The minority chairperson of the Appropriations
29 Committee of the House of Representatives.

30 § 10053. Transfer by Treasury Department.

1 Upon receiving notice under section 10052 (relating to notice
2 of savings by secretary), the Treasury Department shall transfer
3 the reported savings realized into the account established under
4 section 10055 (relating to Taxpayers Savings Account).

5 § 10054. Waiver request.

6 (a) Request.--An executive agency may submit a waiver
7 request to the secretary to use the savings reported under
8 section 10051 (relating to notice of savings by executive
9 agency).

10 (b) Notice to Appropriations Committees.--The secretary
11 shall send a waiver request to the Appropriations Committee of
12 the Senate and the Appropriations Committee of the House of
13 Representatives for consideration.

14 (c) Conditions for approval.--A waiver may be approved only
15 if the waiver:

16 (1) does not exceed 25% of the reported savings reported
17 under section 10051; and

18 (2) is necessary for the executive agency to fulfill its
19 obligations under Federal or State law.

20 (d) Explanation.--If a requested waiver meets the
21 requirements under subsection (c), the secretary shall send a
22 written explanation of the waiver request and its merits to the
23 Appropriations Committee of the Senate and the Appropriations
24 Committee of the House of Representatives for consideration.

25 (e) Approval.--

26 (1) A waiver request shall be considered approved only
27 if it is approved by a majority vote in both the
28 Appropriations Committee of the Senate and the Appropriations
29 Committee of the House of Representatives.

30 (2) If a waiver request is approved, the Treasury

1 Department shall transfer the amount of money approved under
2 the waiver from the account in which the reported savings
3 realized had been deposited to the executive agency, to be
4 used as directed in the executive agency's corresponding line
5 item of the enacted appropriations bill.

6 § 10055. Taxpayers Savings Account.

7 The Taxpayers Savings Account is established as a restricted
8 account within the General Fund to which all cost savings
9 realized under this subchapter shall be deposited.

10 SUBCHAPTER G

11 CONTRACT TRANSPARENCY

12 Sec.

13 10061. Applicability.

14 10062. Submission.

15 10063. Public notice.

16 § 10061. Applicability.

17 This subchapter shall apply to each contract or contract
18 amendment executed by an executive agency.

19 § 10062. Submission.

20 Each contract and contract amendment, including a fiscal note
21 for the contract or contract amendment, shall be submitted to
22 the chairperson and the minority chairperson of the
23 Appropriations Committee of the Senate and the chairperson and
24 the minority chairperson of the Appropriations Committee of the
25 the House of Representatives at least 60 days prior to the
26 execution of the contract or contract amendment.

27 § 10063. Public notice.

28 Each contract and contract amendment shall be placed and made
29 available on PennWATCH, established under the act of June 30,
30 2011 (P.L.81, No.18), known as the Pennsylvania Web

1 Accountability and Transparency (PennWATCH) Act.

2 SUBCHAPTER H

3 IMPLEMENTATION

4 Sec.

5 10071. Budget implementation.

6 10072. List of employees.

7 § 10071. Budget Implementation.

8 (a) General rule.--Except as provided in subsection (b),
9 before the enactment of the General Appropriation Act for the
10 current fiscal year, the State Treasurer may not release or
11 approve the transfer of State funds to an executive agency or
12 the General Assembly for any expense that would result in the
13 disbursement of State funds beyond the amount that was enacted
14 or funds not included in the General Appropriation Act for the
15 prior fiscal year.

16 (b) Exception.--The following expenditures are not subject
17 to subsection (a):

18 (1) Expenditures required under the Fair Labor Standards
19 Act of 1938 (52 Stat. 1060, 29 U.S.C. § 201 et seq.).

20 (2) Expenditures required in compliance with Federal or
21 State court decisions.

22 § 10072. List of employees.

23 (a) Recipients.--By July 15 of each year:

24 (1) Each executive agency, other than the Department of
25 the Auditor General and the Treasury Department, shall
26 transmit the complete list under subsection (b) to all of the
27 following:

28 (i) The secretary.

29 (ii) The Auditor General.

30 (iii) The State Treasurer.

1 (iv) The Legislative Data Processing Center, in the
2 form of a computer file.

3 (2) The Auditor General and State Treasurer shall
4 transmit the complete list under subsection (b) to both of
5 the following:

6 (i) The secretary.

7 (ii) The Legislative Data Processing Center, in the
8 form of a computer file.

9 (b) Contents.--The list to be transmitted under subsection
10 (a) shall contain the names of all persons, as of the preceding
11 July 1, except day-laborers, entitled to receive compensation
12 from the Commonwealth for services rendered in or to the
13 executive agency. The list shall show the following for each
14 person:

15 (1) The person's:

16 (i) position occupied;

17 (ii) date of birth;

18 (iii) county of residence;

19 (iv) voting residence;

20 (v) salary at which or other basis upon which the
21 person is entitled to be paid; and

22 (vi) date of entry into the service of the
23 Commonwealth.

24 (2) Whether the person has been continuously employed by
25 the Commonwealth since the person's date of entry into the
26 service of the Commonwealth.

27 (3) All periods of service and positions held by the
28 person as an employee of the Commonwealth or the part of the
29 information related to previous service and positions as the
30 Governor may prescribe.

1 (c) Certification of changes.--By the 15th day of each month
2 after July of each year:

3 (1) Each executive agency, other than the Department of
4 the Auditor General and the Treasury Department, shall
5 certify any change to the list under subsection (b) that
6 occurred during the preceding month to all of the following:

7 (i) The secretary.

8 (ii) The Auditor General.

9 (iii) The State Treasurer.

10 (2) The Auditor General and State Treasurer shall
11 certify any change to the list under subsection (b) that
12 occurred during the preceding month to the secretary.

13 (d) Transmittal of updated list.--Any change to the list
14 under subsection (b) shall be transmitted to the Legislative
15 Data Processing Center, in the form of a computer file.

16 (e) Public information.--

17 (1) Except as provided in paragraph (2), the information
18 received by the secretary, Auditor General or State Treasurer
19 under this section shall be public information.

20 (2) Information that identifies the voting residence of
21 a person employed by the Commonwealth shall not be public
22 information.

23 Section 2. Repeals are as follows:

24 (1) The General Assembly declares that the repeal under
25 paragraph (2) is necessary to effectuate the addition of 72
26 Pa.C.S. Ch. 100.

27 (2) Article VI of the act of April 9, 1929 (P.L.177,
28 No.175), known as The Administrative Code of 1929, is
29 repealed.

30 (3) All other acts or parts of acts are repealed insofar

1 as they are inconsistent with this act.

2 Section 3. The addition of 72 Pa.C.S. Ch. 100 is a
3 continuation of Article VI of the act of April 9, 1929 (P.L.177,
4 No.175), known as The Administrative Code of 1929. The following
5 apply:

6 (1) Except as otherwise provided in 72 Pa.C.S. Ch. 100,
7 all activities initiated under Article VI of The
8 Administrative Code of 1929 shall continue and remain in full
9 force and effect and may be completed under 72 Pa.C.S. Ch.
10 100. Orders, regulations, rules and decisions which were made
11 under Article VI of The Administrative Code of 1929 and which
12 are in effect on the effective date of 72 Pa.C.S. Ch. 100
13 shall remain in full force and effect until revoked, vacated
14 or modified under 72 Pa.C.S. Ch. 100. Contracts, obligations
15 and collective bargaining agreements entered into under
16 Article VI of The Administrative Code of 1929 are not
17 affected nor impaired by the repeal of Article VI of The
18 Administrative Code of 1929.

19 (2) Except as otherwise provided in 72 Pa.C.S. Ch. 100,
20 any difference in language between 72 Pa.C.S. Ch. 100 and
21 Article VI of The Administrative Code of 1929 is intended
22 only to conform to the style of the Pennsylvania Consolidated
23 Statutes and is not intended to change or affect the
24 legislative intent, judicial construction or administration
25 and implementation of The Administrative Code of 1929.

26 (3) Any expenditures needed to implement this act shall
27 be paid using encumbered funds of the respective executive
28 agency.

29 Section 4. This act shall take effect in 60 days.