



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

HOUSE BILL NO. 1929

PRINTERS NO. 3810

PRIME SPONSOR: Marsico

COST / (SAVINGS)

FUND	FY 2017/18	FY 2018/19
General Fund	\$0	See fiscal impact
Tuition Account Guaranteed Savings Program Fund	\$0	\$6,970,000
Tobacco Settlement Fund	\$0	\$351,127,000
Race Horse Development Fund	\$0	\$29,725,000
Other Special Funds	\$0	See Fiscal Impact

SUMMARY: House Bill 1929, printer’s number 3810, amends The Fiscal Code to provide for FY 2018-2019 budget implementation; for FY 2018-2019 restrictions on appropriations for funds and accounts; and providing for other changes.

ANALYSIS and FISCAL IMPACT:

Article II-A. Cigarette Sales and Licensing

Section 232-A. (Preemption)

Amends Section 232-A(b) to provide that ordinances or regulations adopted by a city of the first class prior to June 1, 2018, shall not be subject to the preemption that all powers and jurisdictions over dealers licensed for the sale of tobacco products, shall reside in the Commonwealth. Ordinances and regulations of the city of the first class adopted prior to June 1, 2018, regarding or affecting the sale of tobacco products shall remain in full force and effect unless repealed by the city of the first class. Ordinances or regulations adopted by a city of the first class may not apply to retail stores that derive 75% or more of gross revenue on an annual basis from tobacco products or to establishments that prohibit minors from entering.

Fiscal Impact: No adverse fiscal impact to Commonwealth funds.

Article III. Treasury Department

(New) Section 312 (Keystone Scholars Grant Program)

An article is added to direct the Treasury Department to establish the Keystone Scholars Grant Program as part of the Tuition Account Guaranteed Savings Program Fund. The Keystone Scholars Grant Program Account is established as a separate account within the Tuition Account Guaranteed Savings Program Fund. Money in the account shall be for the exclusive purpose of providing scholarship grants to eligible children to pay for qualified higher education expenses associated with the attendance at an eligible educational institution.

An eligible child is defined as an individual born after December 31, 2018, who is a resident of this Commonwealth at the time of birth and at the time that the grant for qualified higher education expenses is applied for or received. An adoptee in receipt of a valid decree of adoption, whose adopting parent(s) were residents of this Commonwealth at the time the decree of adoption was entered, and who is a resident at the time that the grant for qualified higher education expenses is applied for or received shall also be considered an eligible child. An eligible educational institution is defined as a college, university, vocational or other postsecondary educational institution as defined by section 529 of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 529).

At the end of each fiscal year, assets of the Tuition Account Guaranteed Savings Program Fund that are in excess of ten per centum of the actuarially determined liabilities of the Tuition Account Guaranteed Savings Program Fund shall be allocated to the account. Annual allocations may not exceed an amount equal to \$100 multiplied by the number of children born in this Commonwealth in the fiscal year. An allocation may not be made if the allocation would cause the actuarially determined surplus of the Tuition Account Guaranteed Savings Program to fall below ten per centum of the program's actuarially determined liabilities. The department shall have the authority to invest and reinvest money in the account. A financial contribution may not be required from an eligible child or an eligible child's parent or guardian as a condition to receive a grant. The Keystone Scholars Grant Program Account shall expire December 31, 2029.

Scholarship grants shall be in the amount of \$100, plus investment earnings attributed to the initial grant amount since the birth date of the eligible child as calculated by the Treasury Department. Treasury shall make program account balances available to each parent or guardian of an eligible child through a secured Internet account. Individuals over the age of 29 shall not be eligible to receive a Keystone Scholars Grant.

Subject to the availability of money received by contributions from any person or legal entity to the Keystone Scholars Grant Program Account, the State Treasurer may establish an annual match of contributions made by a parent or guardian of an eligible child into an established Guaranteed Savings Plan Account. The State Treasurer may also establish financial incentives, such as school attendance, for additional grants for an eligible child with an established Guaranteed Savings Plan Account, subject to the availability of money received by contributions from any person or legal entity to the Keystone Scholars Grant Program Account.

*Fiscal Impact: Based on data on the number of births in the Commonwealth as reported on the Department of Health's website, the enactment of this legislation will re-direct approximately \$13,300,000 to \$13,900,000 from the Tuition Account Guaranteed Savings Program Fund to the new Keystone Scholars Grant Program Account annually. At December 31, 2017, the Tuition Account Guaranteed Savings Program Fund was 120% funded.*

*Annual administrative and operating costs of the Keystone Scholars Grant Program are to be paid from the Keystone Scholars Grant Program Account.*

### **Article XIII.1 Disposition of Abandoned and Unclaimed Property**

**Section 1301.6 (Property Held by Business Associations)** is amended by adding language to specify that stock, dividends, and other passive investments shall not be escheated to the Treasury Department until three years after the holder has lost contact with the owner. "Lost contact" shall be determined after the holder sends notice to the owner, via first class U.S. mail that is returned to the holder as undeliverable on two consecutive occasions, and electronic mail communication from the holder is also not responded to by the owner.

*Fiscal Impact: The Treasury Department estimates the enactment of these provisions may result in a 10% decrease in escheats program net revenue. Based on projected 2018-2019 escheats receipts, it is estimated that there could be a decrease of approximately \$7,000,000 deposited in the General Fund.*

### **Article XV. Disbursements of money from the State Treasury**

#### **Section 1507.1 (Settlement, Agreements; Enforcement)**

Provides for the deposit in the General Fund of the amount received from a settlement in the 2017-2018 or 2018-2019 fiscal year of \$30,409,055 notwithstanding the act of January 8, 1960 (1959 P.L. 2119, No. 787), known as the Air Pollution Control Act.

*Fiscal Impact: Provides a deposit of \$30,409,055 to the General Fund for Fiscal Year 2018-2019. Funds from the settlement that had been expected in 2017-2018 will be received in 2018-2019.*

### **Article XVI-B.1 Capital Facilities**

#### **Section 1601.1-B.1 (Applications)**

Notwithstanding Section 318 of the Capital Facilities Debt Enabling Act, a redevelopment assistance capital project may receive funds if the project was itemized in a capital project itemization bill or a capital budget bill that was enacted more than 10 years before the date the project is approved provided that the Office of the Budget received an application or other written form of request for redevelopment assistance capital project grant funding for the project

from a prospective applicant during the time period from January 9, 2015, through May 18, 2015 or January 29, 2018, through February 27, 2018.

*Fiscal Impact: The enactment of this provision will have no adverse fiscal impact as the cap on redevelopment assistance capital project bond funds outstanding is not changed.*

### **(New) Article XVI-B.2 Entertainment Business Financial Management Firms**

Provides that for tax years beginning on or after January 1, 2018, an operating organization may satisfy the requirements of section 1904-B(a.3)(2) of the Tax Reform Code of 1971 (relating to master list of legal business names, and business addresses engaged in active conduct of trade or business within the neighborhood improvement zone) by providing to the contracting authority a copy of the management contract between the qualified business and the entertainment business financial management firm that has primary responsibility for completing reports for the qualified business. The provision shall only apply to a qualified businesses who are engaged in the provision of entertainment services or activities in a facility.

*Fiscal Impact: No adverse impact on Commonwealth funds.*

### **Article XVI-H. Tax Credits**

*Section 1604-H. (Department of Community & Economic Development)* - amends the Entertainment Economic Enhancement Program tax credit for qualified rehearsal and tour expenses incurred or to be incurred by permitting DCED to award tax credits to 10 tours in fiscal year 2018-2019. DCED may, at its discretion, advance the award of tax credits to a maximum of 2 additional tours in fiscal year 2018-2019.

*Fiscal Impact: No adverse impact on Commonwealth funds.*

### **Article XVI-K. Business in Our Sites Program Account**

*Section 1602-K. (Transfer of Funds)* is amended to provide for 2018-2019 transfers of \$10,000,000 from available funding in the CFA First Industries Program account and \$35,000,000 from the CFA Building Pennsylvania Program to the CFA Business in Our Sites Program account. The CFA Business in Our Sites Program provides grants and loans for the acquisition and development of key sites for future use by businesses, private developers, and other entities.

*Fiscal Impact: The enactment of these provisions will have no adverse fiscal impact on Commonwealth funds or CFA programs, and will re-capitalize the CFA Business in Our Sites Program.*

### **(New) Article XVI-N. Private Dam Financial Assurance**

A new article is added to the Fiscal Code to provide for the Private Dam Financial Assurance Program, to be administered by Department of Community & Economic Development (DCED) in consultation with the Department of, to provide financial assurance assistance for dam owners to assist in meeting financial obligations under the Dam Safety and Encroachments Act of 1978. To be eligible for this program, dam owners must:

- be in compliance with the Dam Safety and Encroachments Act and the corresponding regulations;
- pay a one-time registration fee of \$1,000 per dam; and
- pay an annual fee equal to 1% of the bond amount required by DEP.

An owner that is enrolled in the program is deemed to have met all proof of financial responsibility requirements promulgated pursuant to Section 11 of the Dam Safety and Encroachments Act for the owner's dam.

A special fund is established in the State Treasury known as the Private Dam Financial Assurance Fund. Program premiums and fees are to be deposited into this special fund. The new article also authorizes the establishment of a revolving loan program for costs incurred to provide maintenance, repair, or permanent breach of the owner's dam. No loan shall exceed 50% of eligible costs and no loan shall exceed \$500,000. Loan terms will be up to 10 years; interest rates will be fixed and equal to the 5-Year U.S. Treasury Note on the date of application; and DCED may charge an origination fee of up to 2.5% of the loan amount.

*Fiscal Impact: These provisions will have no adverse fiscal impact on Commonwealth funds. Any revenue deposited into the Private Dam Financial Assurance Fund would be derived from fees on private owners to establish the program to provide financial assurance assistance to owners of regulated private dams. DCED, along with DEP, have determined that they will be able to administer the program without additional resources.*

## **Article XVII-A. Special Funds**

### **Subarticle A: Budget Stabilization Reserve Fund, Section 1702-A. Funding**

Adds a paragraph to mandate that if the Secretary of the Budget certifies a General Fund surplus for the 2017-2018 fiscal year, 50% of the surplus shall be deposited in the Budget Stabilization Reserve Fund by the end of the next succeeding quarter.

*Fiscal Impact: Provides a projected deposit of \$19,854,000 to the Budget Stabilization Reserve Fund; the first deposit that will be made to the Budget Stabilization Reserve Fund since 2006-2007.*

**Subarticle H: Section 1774.1-A. Other Grants** is amended to make available, in 2018-2019, \$14,504,399 from the CFA H2O PA and the H2O PA Marcellus Legacy accounts for the distribution for water and sewer project with a cost of not less than \$30,000 and not more than \$500,000. Additional funding for water and sewer grants totaling \$10,000,000 in FY 2018-2019 will be transferred from the Commonwealth Financing Authority (CFA) First Industries Program account for the distribution or reimbursement for water and sewer projects as grants in the amount of not less than \$30,000 and not more than \$500,000. In determining grant amounts, the CFA shall not include the matching funds requirement in the calculation of the cost of the project. For fiscal year 2018-2019, the CFA may not require the submission of new applications but shall consider projects for grant funding submitted during the application period that ended on February 28, 2018.

*Fiscal Impact: The enactment of these provisions will have no adverse fiscal impact on Commonwealth funds or CFA programs, and will make available approximately \$25,000,000 for PA Small Water & Sewer program grants.*

## **Article XVII-A. 1 Additional Special Funds**

### **Subarticle B: Tobacco Settlement Fund – Section 1713-A.1 (Use of Fund)**

The legislation also provides for the distribution of Tobacco Settlement Fund payments for FY 2018-2019 as follows:

- 4.5% for tobacco use prevention and cessation (\$15,539,000);
- 12.6% for health related research pursuant to Section 906 of Tobacco Settlement Act (\$43,509,000);
- 1% for health related research for section 909 of the Tobacco Settlement Act (\$3,453,000);
- 8.18% for uncompensated care (\$28,246,000);
- 30% for the purchase of Medicaid benefits for workers with disabilities (\$103,594,000); and
- 43.72% shall remain in the fund and be separately appropriated for health-related purposes (\$150,971,000).

*Fiscal Impact: The percentage allocations together with prior year funds of \$5,815,000 results in appropriations from the Tobacco Settlement Fund for health related programs in FY 2018-2019 of \$351,127,000.*

A new paragraph is added to provide that amounts in the fund received by the Commonwealth as a result of the Attorney General's joinder in the NPM Adjustment Settlement Agreement are appropriated as an augmentation for the medical assistance Community HealthChoices program. A transfer of \$15,400,000 from the amount received as a result of the Attorney General's joinder in the NPM Adjustment Settlement Agreement shall be made to a new restricted account within the General Fund to be known as the Office of Attorney General Criminal Enforcement Restricted Account. Money in the restricted account is appropriated to the Office of Attorney General for criminal enforcement and shall not lapse. The Attorney General shall provide information on the restricted account as part of the annual budget submission.

*Section 1713-A.1 (b)(3)* is amended to provide that all other Tobacco Settlement payments and revenue received in the Tobacco Settlement Fund shall remain in the fund and are available to be appropriated for health-related purposes.

*Fiscal Impact: The enactment of these provisions will provide augmenting revenues to supplement the medical assistance community health choices program less the \$15,400,000 that will be transferred to the restricted account for the Office of Attorney General Criminal Enforcement.*

### **Subarticle C: Distributions from PA Race Horse Development Fund**

The bill updates statutory citations and establishes a formula to provide 22 equal weekly transfers to be deposited in the PA Race Horse Development Restricted Receipt Account. Transfers would begin on the effective date of the section and would be set at an amount necessary to provide \$19,659,000 by June 30, 2019. In addition, language is provided to require the department to transfer \$10,066,000 from the fund to the State Racing Fund for costs associated with the enforcement of medication rules in horse racing.

*Fiscal Impact: The enactment of these provisions will provide \$19,659,000 for agricultural-related programs and \$10,066,000 for enforcement of medication rules in horse racing for FY 2018-2019.*

#### Subarticle D. Miscellaneous Limitations and Transfers

Section 1733-A.1 (Drug and Alcohol Programs) is amended to direct the transfer of \$2,500,000 from the sale of liquor and alcohol to the Department of Drug and Alcohol Programs for FY 2018-2019.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds.*

#### Subarticle E. Natural Gas Infrastructure Development Fund

A new Section (*proposed as 1747-A.1*) is added to the Fiscal Code to specify for grants awarded under the subarticle on or after January 23, 2018, the CFA may not rescind an executed grant agreement without a qualified majority vote of the board of the CFA.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds.*

#### Subarticle F. First Chance Trust Fund

Section 1754-A.1 (Use of fund) is amended to provide that in determining preference for First Chance Trust Fund scholarships or programs that benefit children, the Pennsylvania Commission of Crime and Delinquency shall consider factors including the victimization of the student or child, the risk factors that lead to criminal behavior, and the impact of crime on the student or child.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds.*

### **Article XVII-E: General Budget Implementation**

New Section 1704-E (Independent Fiscal Office revenue estimates) is added to the Fiscal Code to provide for the submission of revenue estimates to the General Assembly. The Independent Fiscal Office (IFO) shall provide an initial revenue estimate for the next fiscal year to the General Assembly by May 20 of each year. The IFO shall submit an official revenue estimate for the next fiscal year by June 20 of each year.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds.*

#### Subarticle B. Executive Departments

Section 1714-E. (Attorney General) is amended to provide the Attorney General with concurrent civil jurisdiction over all violations, prohibited activity and enforcement under the Construction Workplace Misclassification Act of 2010.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds.*

Section 1720-E. (Department of Conservation and Natural Resources) is amended to provide that appropriations for the Department of Conservation and Natural Resources shall be used for the following:

- to develop, open and maintain, in consultation with the Department of Transportation, an ATV trail connecting the Whiskey Springs ATV trail to the Blood Skillet ATV trail by utilizing existing State roads and State forest roads by April 1, 2020; and
- to implement, in consultation with the Department of Transportation, the full Northcentral Pennsylvania ATV initiative and create a network of ATV trails connecting Clinton County to the New York State border by utilizing existing State roads and State forest roads by April 1, 2024.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds as State and Federal funds appropriated to the Department of Conservation and Natural Resources are to be applied to the completion of the projects.*

Section 1725-E. (Department of Health) is amended to add language to clarify in issuance of death certificates by a local registrar if the limitation under section 304(c)(1) of the Vital Statistics Law of 1953 has been reached, \$3 shall

be transmitted to the Department of Health for deposit in the General Fund rather than being retained by the local registrar.

*Fiscal Impact: No adverse impact on Commonwealth funds.*

Section 1727-E. (Department of Labor and Industry) is amended by the addition of a paragraph to specify that money collected for the 2018-2019 fiscal year, and each fiscal year thereafter, by the Department of Labor and Industry's Bureau of Occupational and Industrial Safety, shall be distributed as follows:

- \$7,000,000 shall augment an appropriation made in the general appropriation act for the Bureau of Occupational and Industrial Safety, and
- any amount collected in excess of \$7,000,000 shall be deposited in the General Fund.

*Fiscal Impact: No adverse fiscal impact on Commonwealth funds. The 2018-2019 general appropriations act included an appropriation of \$5,054,000 for the Bureau of Occupational and Industrial Safety.*

Reemployment Fund - A new subsection is added to specify that from July 1, 2018 through September 30, 2022, five percent of the contributions on wages paid under Section 301.4 of the Unemployment Compensation Law of 1936 (relating to contributions by employees), shall be deposited in the Reemployment Fund to the extent the contributions are paid on or before December 31, 2022.

*Fiscal Impact: The enactment of this provision will result in the deposit of approximately \$10,000,000 in the Reemployment Fund. The Reemployment Fund had expired on December 31, 2017.*

Section 1730-E. (Department of Revenue) is amended to add language to specify that for purposes of determining eligibility for the Property Tax and Rent Rebate Program (PTRR), the definition of "income" shall exclude 50% of a payment in-lieu of Social Security benefits for annuitants of the Federal Civil Service Retirement System who do not receive Social Security benefits.

*Fiscal Impact: The enactment of this provision will have no impact on the 2018-2019 budget. The changes to income calculations for PPTR are for taxes or rent paid in 2018; therefore, additional costs will not be realized until 2019-2020 as rebates for 2018 taxes or rent are not paid until July 2019.*

#### Subarticle D (Judicial Department)

Section 1795.1-E. (Surcharges) is amended to clarify that the \$2 surcharge on all court filing fees in the Commonwealth imposed in Section 1795.1-E (b)(2) be deposited into the Access to Justice Account. The \$2 increase expires December 31, 2020.

*Fiscal Impact: The enactment of this provision will have no adverse impact on Commonwealth funds. The increase in court filing fees, authorized by Act 44 of 2017, provides approximately \$7,000,000 annually for the Access to Justice Account.*

New Section 1795.2-E. (Deposit into School Safety and Security Fund) is added to the Fiscal Code to specify that each fiscal year the first \$15,000,000 of all fines, fees and costs collected by any division of the Unified Judicial System that are in excess of the amount collected from those sources in the fiscal year 1986-1987 shall be deposited into the School Safety and Security Fund. Fees imposed under 42 Pa.C.S. § 3733 (a.1) shall not be subject to the transfer. Exceptions are also made for fines, fees or costs that are allocated by law or otherwise directed to a number of other funds and programs.

*Fiscal Impact: The enactment of this provision will provide \$15,000,000 to the School Safety and Security Fund. The transfer of fine and fee revenue will have no adverse fiscal impact on the Unified Judicial System in 2018-2019*

#### Subarticle E (Restrictions on Appropriations for Funds and Accounts)

Section 1798.3-E. (Multimodal Transportation Fund) is amended to specifically provide that local match requirements for the Department of Transportation and the CFA Multimodal Transportation programs may be waived for good cause if the applicant for assistance is a port terminal operator. A port terminal is defined as a marine facility used in connection with the transportation or transfer of freight, personnel, or equipment. The date has been extended to December 31, 2019, for which local match requirements may be waived for good cause.

*Fiscal Impact: The enactment of these provisions will have no adverse fiscal impact on Commonwealth funds or CFA programs.*

**Article XVII-E.2. (School District Debt Refinancing Bonds)**

*Section 1706-E.2 (Sinking fund charges for school building projects)* is amended by adding a paragraph to provide that all school districts that submitted applications between July 1, 2017, and November 6, 2017, and that vote to proceed with construction and award bids on their construction contracts no later than July 1, 2021, shall, as permitted by law, be awarded a one-time capital grant, if available for the approved project in lieu of approved reimbursement payments.

*Fiscal Impact: The enactment of these provisions will have no fiscal impact in 2018-2019 and will depend upon the number of school districts who submitted applications during the specified July through November time period that award construction contracts by July 1, 2021.*

**(New) Article XVII-E.5 (Reinstatement of Item Vetoes)**

An article is added to direct the Secretary of the Budget to notify the State Treasurer to apply amounts that had been vetoed from line item appropriations for 2014-2015 for the Senate, the House of Representatives, and Government Support Agencies. The appropriation vetoes were executed on July 10, 2014, but were subsequently determined through judicial review to have been erroneously effected. The amounts to be restored are as follows:

- \$31,340,000 to the Senate,
- \$20,120,000 to the House, and
- \$13,640,000 to Government Support Agencies.

The State Treasurer is to apply the amounts to the appropriations no later than August 3, 2018. Following application of the amounts to the line item appropriations, the Chief Clerk of the Senate and the Chief Clerk of the House of Representatives, shall direct the State Treasurer to transfer \$15,000,000 to the School Safety and Security Fund from both the Senate and House of Representatives restored line items no later than September 1, 2018. The remainder of the amounts applied to the 2014-2015 line item appropriations shall be lapsed to the General Fund no later than September 1, 2018.

*Fiscal Impact: The enactment of these provisions will provide \$30,000,000 to the School Safety and Security Fund and \$35,100,000 to the General Fund.*

**Article XVII-H**  
**2018-2019 Budget Implementation**

The legislation provides for funds to the following agencies/offices as follows:

**Subarticle A: Preliminary Provisions**

**Section 1703-H. (Department of Criminal Justice)**

Adds language to specify that for purposes of the General Appropriation Act of 2018, a reference to the Department of Criminal Justice shall be deemed to be a reference to the Department of Corrections, the Board of Probation or Parole, or both, as applicable.

**Subarticle B: Executive Departments**

**Section 1711-H. (Executive Offices)**

- A portion of funds appropriated for the Office of Administration may be distributed to other State agencies to pay for human resources services provided to the agency.
- A portion of funds appropriated for Commonwealth Technology Services may be distributed to other State agencies to pay for information technology services provided to the agency.

Pennsylvania Commission on Crime and Delinquency (PCCD) for the following:

- Funds for intermediate punishment treatment programs shall be awarded as competitive grants to counties. The portion dedicated to drug and alcohol and mental health treatment programs shall be based on national statistics that identify the percentage of incarcerated individuals that are in need of treatment for substance issues but shall be no less than 80% of the funds appropriated;
- Clarifies that funding PCCD receives shall be used in part for the Statewide Automated Victim Information and Notification System (SAVIN) to provide offender information through county jails, and a residential treatment program for at-risk youth;

- Provides funds for an innovative police data sharing pointer index system;
- Provides funds for a diversion program for first time nonviolent offenders facing prison sentences; and
- Places restrictions on funds appropriated for violence prevention programs.

Section 1714-H. (Attorney General)

From funds available for general government operations, a Commonwealth Investigator Training Program may be established for individuals who are not eligible for certification under the Municipal Police Education and Training Program.

Section 1715-H. (Auditor General)

Funds available for special financial audits shall be used for the financial auditing of entities that receive funds through contracts with the Department of Human Services from money appropriated for Medical Assistance-Capitation, Medical Assistance Community HealthChoices, Medical Assistance Long-term Care, Mental Health Services or Intellectual Disabilities – Community Base Program.

Section 1718-H. (Department of Agriculture)

- From funds appropriated for general government operations, a portion will be transferred to the Dog Law Restricted Account.
- At least \$250,000 will be used for the creation of the Commission of Agricultural Education Excellence to assist with the development and implementation of agricultural education programs.
- Money appropriated for agricultural research shall include funds for an agricultural resource center and agricultural law research programs, including those addressing energy development, in conjunction with a land-grant university, and an organic research institute located in a county of the third class.
- No less than 80% of funds appropriated for hardwood research and promotion shall be equally distributed among hardwood utilization groups that were in existence prior to the effective date of the section.
- The department may use up to \$165,000 of the Agricultural Conservation Easement Purchase Fund to issue grants not to exceed \$3,000 for succession planning to ensure that agricultural operations continue on land subject to agricultural conservation easements.

Section 1719-H. (Department of Community and Economic Development (DCED))

- Funds appropriated for general government operations shall be used in part to support an engineering study related to infrastructure investment and marketing for an industrial development area, and to support manufacturing technology development.
- Allocates funding appropriated for marketing to attract tourists.
- Funds appropriated for Keystone Communities to be distributed to the following:
  - Main Street, Elm Street and Enterprise Zone programs;
  - an anti-violence task force, in consultation with the Office of the Attorney General, in a county of a second class A that is also a home rule county;
  - projects supporting economic growth, community development and municipal assistance.
- Funds appropriated for local municipal emergency relief will be used to provide State assistance to individuals and political subdivisions directly impacted by a natural and man-made disasters or public safety emergencies.

Section 1721-H. (Department of Corrections)

- Funds appropriated for general government operations shall be used in part for a nonnarcotic medication assisted substance abuse treatment grant program.

Section 1722-H. (Department of Education)

- Specifies that funds appropriated for the Ready-to-learn Block Grant shall be distributed in accordance with section 2599.6 of the Public School Code of 1949. Any funds remaining may be distributed by the department based on guidelines and submitted applications.



- From the appropriation for adult and family literacy programs, summer reading programs and the adult high school diplomas program, funds will be allocated for an after-school learning program for low-income students.
- From funds appropriated for career and technical education, \$20,000,000 shall be distributed as grants based upon recommendations of the Pennsylvania Workforce Development Board to support emerging workforce needs throughout elementary and secondary education.
- Allocates a portion of the funds appropriated for the Pennsylvania Charter Schools for the Deaf and Blind to public school employees' retirement payments.
- Inserts language concerning funds and payments for approved private schools.
- Provides for the use of funding for regional community college services.
- Funds appropriated for trauma-informed education will be used for an educational program designed for children that teaches coping skills to assist with social, economic and environmental factors in their community.
- Allocates specific amounts to various community education councils.
- Maintains the Commonwealth's elimination of payments for Social Security and required contributions for public school employees' retirement to charter and cyber charter schools.

Section 1724-H. (Department of General Services)

- Requires the city of Harrisburg to use funds appropriated for Capitol fire protection to support fire services to the Capitol complex.

Section 1725-H. (Department of Health)

- Ensures that the department continues to coordinate donated dental care services and provides for funds for outreach for Charcot-Marie-Tooth Syndrome.
- Requires that funds for adult cystic fibrosis and other chronic respiratory illnesses include funds to be used for research.
- Provides that funds appropriated for lupus will be distributed in the same proportion as 2014-2015.
- Provides for the use of funds for biotechnology research.
- Specifies that funds provided for leukemia and lymphoma be allocated to an organization dedicated to understanding, diagnosing, and treating blood cancer, and caring for patients diagnosed with blood cancer.

Section 1727-H. (Department of Labor and Industry)

- A portion of the funds appropriated for industry partnerships will be allocated for workforce development for veterans, and current and emerging work force needs.

Section 1728-H. (Department of Military and Veterans Affairs)

- Provides for the use of funds for behavioral health support for veterans suffering from post-traumatic stress disorder.

Section 1729-H. (Department of Human Services)

Child care

- TANFBG Child Care Assistance may be transferred to CCDFBG Child Care Services for additional low-income families if no deficit results.
- CCDFBG Child Care Assistance may be transferred to CCDFG Child Care Services for additional low-income families if no deficit results.

Mental health services

- Funds appropriated will be used for the continuation and maintenance of the existing network of web portals that provide comprehensive services and support for those with mental health and substance abuse issues, and expansion to include resources for military veterans and their families.

Medical assistance

- For FY 2017-2018, payments to Community Access shall be distributed under same formulas as FY 2014-2015, or if insufficient funds are available, on a pro rata basis.

- Amounts allocated from funds for fee-for services for the Select Plan for Women Preventative Health Services shall be used for women's medical services, including noninvasive contraceptives.
- Separate MA payments shall be made for general hospital stays for healthy newborns and mother's obstetrical care.
- Provides for distributions from fee-for-service care for treatment of cleft palates and other craniofacial abnormalities, clinical ophthalmologic services, improvements at an acute care hospital, to a university to expand research and treatment protocols for combating opioid addiction, and to an acute care hospital for medical technology equipment upgrades.
- Specifies the appropriations for MA Fee-for-Service and MA Capitation includes sufficient funds for ambulance transportation at the following amounts, beginning January 1, 2019:
  - For basic life support, not less than \$180 per loaded trip;
  - For advanced life support, not less than \$300 per loaded trip;
  - For air ambulance transport, not less than \$3,325.53 per loaded trip;
  - For ground mileage, not less than \$2 per mile for each loaded mile beyond 20 loaded miles;
  - For air mileage, not less than \$22.45 per mile for each loaded mile beyond 20 loaded miles.
- MA Capitation includes funding for the treatment of depression in older Pennsylvanians.
- Provides for funds in long-term care for a county nursing home with more than 725 beds and a Medicaid acuity at .79 and allocations for two nonpublic nursing homes.
- Provides funds in long-term care to be allocated to a special rehabilitation facility in Peer Group Number 13 and to nursing facilities with a percentage of medical assistance recipient residents who require medically necessary ventilator care or tracheostomy care greater than 90%.
- Funds appropriated for long-term care are sufficient funds to provide a 1% rate increase beginning on January 1, 2019.
- Funds appropriated, but not used by level III trauma centers shall, be used to make payments to level I and II trauma centers.
- Provides for the allocation of funds to qualifying university-affiliated physician practice plans and qualifying academic medical centers.
- Funds for medical assistance transportation shall only be utilized as payments of last resort for transportation for eligible medical assistance recipients.

#### Breast cancer screening

- Permits funds for breast cancer screening to be used for women's medical service including noninvasive contraception supplies.

#### Women's service programs

- Agencies whose primary function is to promote childbirth and to provide alternatives to abortion may expend funds to provide services to women until childbirth and for up to 12 months thereafter.
  - Allows agencies to subcontract with nonprofits.
  - Prohibits referral for abortion.
- Federal funds for alternatives to abortion shall be utilized solely for women whose gross family income is below 185% of Federal poverty guidelines.

#### Autism Intervention and Services

- Provides for the distribution of funds to providers that participate in the State's Autism Program.

#### Community Based Family Centers

- No funds appropriated for community-based family centers may be part of the base for calculation of county child welfare needs-based budget for a fiscal year.
- Provides for no less than \$235,000 for a program for early literacy and school readiness which is labeled as a promising approach under the Maternal, Infant and Early Childhood Home Visiting Program.

#### Statewide 2-1-1 system

- Funds appropriated will provide for a statewide 2-1-1 system services 24 hours a day.

#### Services for the Visually Impaired

- The appropriation includes an allocation for a statewide professional service provider association for the blind to provide training and supportive services for individuals who are blind and preschool vision screenings and eye safety education.

#### Medical Assistance for Workers with Disabilities (MAWD)

- Permits the department to adjust premiums with federal approval.

Illegal aliens

- References certain provisions of Federal law relating to who can receive services and reporting duties of providers in dealing with illegal aliens.

Section 1730-H. (Department of Revenue)

The Enhanced Revenue Collection Account (ERCA) will continue through FY 2019-2020. Revenues collected will be deposited into the account.

- Of the funds in the account, for each of the fiscal years from FY 2018-2019 through FY 2019-2020, up to \$30,000,000 is appropriated to the department to fund the costs associated with the increased tax collection enforcement and reduction of tax refund errors.
- By June 1, 2019, and each June 1 thereafter, the department will generate a report to the governor and General Assembly including a detailed breakdown of administrative costs, the amount of revenue collected and the amount of refunds avoided.

Section 1735-H. (Pennsylvania Emergency Management Agency)

Money appropriated for search and rescue programs will be used to support programs related to training working service dogs focusing on rescue and public safety.

Section 1738-H. (Pennsylvania Higher Education Assistance Agency)

- PHEAA will enter into an agreement with the Department of Health to transfer up to \$4,550,000 from the Higher Education Assistance Fund to the Department of Health for the Primary Health Care Practitioners Program in medically underserved areas.
- PHEAA will allocate \$500,000 from the Higher Education Assistance Fund for the Cheyney University Keystone Academy.
- From funds appropriated for payment of education assistance grants, \$500,000 will be allocated to a state-owned university located in Tioga County for merit scholarships.

**Subarticle C: State Government Support Agencies**

Section 1775-H. (Independent Fiscal Office)

Provides that during the 2018-2019 fiscal year, the IFO shall not be required to conduct a study assessing the legal implications and fiscal impact of mandating notice requirements for remote sellers.

**Article XVII-I 2018-2019 Restrictions on Appropriations for Funds and Accounts**

Section 1702-I (State Lottery Fund)

Money appropriated for PENNCARE shall not be utilized for administrative costs by the Department of Aging.

Section 1726-I (Fund Transfers)

- Provides that from funds received under the authority of Article III of the Tax Reform Code of 1971 (relating to personal income tax), the sum of \$4,901,000 shall be transferred to the account established under section 1799.7-E (State Employees' Retirement System (SERS) restricted account) and the sum of \$5,200,000 shall be transferred to the account established under section 1799.8-E (Public School Employees' Retirement System (PSERS) restricted account). The transfers are made to the SERS and PSERS accounts to fund the costs associated with the implementation of the SERS Defined Contribution Plan and the PSERS Defined Contribution Plan.
- Provides that no later than September 1, 2018, a transfer of \$15,000,000 shall be made to the School Safety and Security Fund in the State Treasury from personal income tax funds.
- A transfer of \$5,000,000 shall be made from the CFA First Industries Program account to an account to be established in the Commonwealth Financing Authority (CFA) for research and development, organic transition, value-added processing and marketing grants in support of Pennsylvania's dairy industry. The CFA board shall adopt guidelines for the approval of applications to ensure that grants are made available to all geographic areas of the Commonwealth

*Fiscal Impact: The enactment of these provisions transfers a total of \$10,101,000 of personal income tax revenue to the state pension systems to fund the 2018-2019 costs associated with the implementation of the defined contribution plans authorized by Act 5 of 2017, and \$15,000,000 to the School Safety and*

*Security Fund to implement aspects of the 2018-19 budget. The transfer of \$5,000,000 from the First Industries Program account will have no adverse impact on Commonwealth or CFA programs.*

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**DATE:** June 22, 2018

*Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*