

FISCAL NOTE

March 9, 2017

Bill No:	HB 110	Printer's No:	1045	Sponsor:	Warner (R)
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COST / (SAVINGS)

Fund (s)	2016-17	2017-18
General Fund	\$ 0	\$ 1.3 – 1.5 million See “Fiscal Impact”

SUMMARY: The bill would amend the Pennsylvania Constitution to impose a spending limit on the commonwealth.

ANALYSIS: The bill would through joint resolution amend the Pennsylvania Constitution to limit the commonwealth’s spending rate. Spending would be equal to the previous year’s funding level and any increases would be based on the percentage change in the Consumer Price Index for All Urban Consumers from the immediately prior fiscal year and the percentage change in population during the immediately prior fiscal year. Spending is defined as all appropriations in the General Fund, the Motor License Fund, and the Public Transportation Assistance Fund. All percentage increase would be capped at 120% and must be approved by a three-fourths affirmative vote by both chambers of the General Assembly.

The appropriation limits may be exceeded if funds are necessary to respond to a declared emergency or the Governor requests the increase at least 30 days prior to the beginning of the fiscal year and the request is affirmed by a three-fourths majority vote of each chamber of the General Assembly. Any excessive spending for emergency purposes shall not be included in the computation basis of the spending limit for any subsequent fiscal year.

The spending limit may be exceeded for the purpose of funding pension obligations. The Governor must request the limit increase and it must be approved by a three-fourths affirmative vote by each chamber of the General Assembly. Any excessive funding shall not be used in the computation of the spending limit for any subsequent fiscal year.

As a constitutional amendment, the commonwealth would have to publish the bill and it would have to be passed by two consecutive sessions of the General Assembly. This legislation did not pass during the previous legislative session. As such, the earliest the bill could be enacted would be during the 2019 session, which could be during the 2018-2019 fiscal year.

FISCAL IMPACT: The costs for the bill would relate publication costs. The estimated amount of one round of advertisements is \$1.3-1.5 million for a full-page of advertising space. The total cost of publication may vary due to the size of the bill and the number of amendments that would need to be advertised. It should be noted that the cost of two rounds of publication could occur during the same fiscal year if in the next legislative session the General Assembly immediately passes the same constitutional amendment.

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This constitutional amendment would limit the ability of the Governor, legislature and Budget Office in crafting a budget for the commonwealth by placing specific limitations on spending potentially beginning in Fiscal Year 2019-20.

Should the provisions of this bill be enacted without being a constitutional amendment, there would be limited growth of 1.03%, creating a maximum spending limit of approximately \$35.1 billion in the three funds identified in the bill. The Governor's 2017-2018 budget proposal would be \$301.7 million over the limit, which would result in reduced funding to unspecified programs.

Fund	Governor's 2017-2018 Proposed Budget	HB 110 Limitation	Variance
General Fund	\$ 32,337,702	\$ 32,093,736	(\$ 243,966)
Motor License Fund	\$ 2,855,110	\$ 2,806,349	(\$ 48,761)
Public Transportation Assistance Fund	\$ 248,223	\$ 239,230	(\$ 8,993)
TOTAL	\$35,441,035	\$ 35,139,315	(\$ 301,720)

Amounts shown in the chart are in thousands.