

# FISCAL NOTE

February 1, 2021

<b>Bill No:</b>	HB 51	<b>Printer's No:</b>	123	<b>Sponsor:</b>	O'Neal (R)
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### COST / (SAVINGS)

Fund (s)	2020-21	2021-22
General Fund	See "FISCAL IMPACT"	See "FISCAL IMPACT"

**SUMMARY:** This bill proposes an amendment to the Pennsylvania Constitution, in taxation and finance, further providing for surplus.

**ANALYSIS:** HB 51 establishes at the end of each fiscal year the surplus of all operating funds shall be transferred to the Budget Stabilization Reserve Fund until the amount in the fund is equal to the volatility rate of the commonwealth's total revenue sources, as certified yearly by the Department of Revenue.

If the balance of the reserve fund exceeds the volatility rate, surplus operating funds shall be appropriated during the ensuing fiscal year by the General Assembly.

The General Assembly shall require a two-thirds vote of approval to appropriate money in the reserve fund.

The State Treasurer may loan up to 20 percent of the balance in the reserve fund to pay General Fund obligations if money in the General Fund is insufficient, to be repaid within the fiscal year in which it was loaned.

Constitutional amendments require passage in two consecutive legislative sessions and approval through a referendum.

**FISCAL IMPACT:** Constitutional amendments carry a cost of \$1.3 million to \$1.5 million in two consecutive legislative sessions for advertising. The first round of advertising would be incurred as early as Fiscal Year 2020-21 or as late as Fiscal Year 2022-23 based on timing of passage.

This bill would also affect the governor's ability to propose a balanced budget by requiring transfers of all operating fund surpluses. This provision would also apply to the Public School Employees' Retirement System (PSERS), State Employees' Retirement System (SERS), and Pennsylvania Municipal Retirement System (PMRS) trust accounts. This would result in each system losing qualified plan status, causing major tax increases for SERS and PSERS members and likely the end of PMRS.