

COMMONWEALTH  
**BUDGET 2022-2023**  
Senate Democratic Appropriations Committee



JULY 8, 2022

SENATOR VINCENT HUGHES  
Democratic Chairman

## Fiscal Code Summary

*House Bill 1421, Printer's Number 3375, makes several amendments to the Fiscal Code to implement components of the budget agreement including several provisions that carry-forward or extend existing language, as well as new additions. For further details and information on other policy changes, please see the summary below.*

### **Commonwealth Payment Security**

To ensure the secure disbursement of public funds under the custodial control of the State Treasury on behalf of any executive branch agency, department, board or commission, the Treasury Department shall select and require the implementation and maintenance of electronic payment security standards, measures and procedures that, in the opinion of the Treasurer, are consistent with national financial industry standards for the electronic movement of funds and necessary to detect and prevent the fraudulent expenditure of public funds and reduce administrative costs and financial losses.

The standards shall be designed to confirm and verify banking account information prior to a payment of public funds being made. Each department the Treasury makes payment disbursements for shall cooperate with implementation of these provisions. When the Office of the Budget provides comptroller services, they shall work with Treasury to implement these provisions.

Within 90 days, the Treasury Department shall provide departments with a list of vendors that Treasury has determined meet the requirements of these provisions. Within 18 months of the effective date, each department Treasury makes payments for shall procure electronic payment services that meet the approved criteria.

### **Oil and Gas Lease Fund Transfer Suspension Extension**

Prohibits a distribution from the Oil and Gas Lease Fund to the Marcellus Legacy Fund for distribution to the Environmental Stewardship Fund for the 2022-2023 fiscal year.

### **Transportation Network Companies Assessment Extension**

Extends the sunset for the Philadelphia TNC assessment until December 31, 2027.

### **Rainy Day Fund Transfer**

Directs \$2,100,000,000 to the Budget Stabilization Reserve Fund.

### **Underground Storage Tank Indemnification Fund Repayment Provisions**

Requires the Secretary of the Budget to transmit notice to the Legislative Reference Bureau (LRB) notice when the \$100,000,000 repayment from the General Fund to the Underground Storage Tank

Indemnification Fund (USTIF) is complete. Upon publication of the notice, the provisions relating to the loan from USTIF will expire.

### **Tobacco Settlement Fund 2022-23 Allocations**

Allows a transfer for fiscal year 2022-2023 from cigarette taxes to the Tobacco Settlement Fund for debt service payments.

Distributed money in the Tobacco Settlement Fund for fiscal year 2022-2023 as follows:

- 4.5% for tobacco use prevention and cessation programs under Chapter 7 of the Tobacco Settlement Act;
- 12.6% for health related research under section 906 of the Tobacco Settlement Act;
  - 70% to fund research under 908 of the Tobacco Settlement Act.
  - 30% as follows:
    - \$1 million for spinal cord injury research programs under section 909.1 of the Tobacco Settlement Act.
    - 75% for pediatric cancer research.
      - No more than \$2,500,000 un a fiscal year may be made available to any one pediatric cancer research institution.
    - 25% for capital and equipment grants to be allocated by the Department of Health to entities engaging in biotechnology research.
- 1% for health and related research under section 909 of the Tobacco Settlement Act;
- 8.18% for uncompensated care payment program under Chapter 11 of the Tobacco Settlement Act;
- 30% for the purchase of Medicaid benefits for workers with disabilities under Chapter 15 of the Tobacco Settlement Act; and,
- 43.72% to be appropriated separately for health-related purposes.

### **Race Horse Development Fund Transfers**

Distributes \$14,659,000 from the Race Horse Development Fund to the Race Horse Development Restricted Receipts Account. This transfer is \$5,000,000 less than the transfers made in previous fiscal years. The transfer of \$5,000,000 for the Farm Show is being moved to the General Fund.

### **State Racing Fund Transfers**

Transfers \$10,066,000 from the Race Horse Development Fund to the State Racing Fund. This is the same annual transfer that has been made since the 2018-2019 fiscal year.

Clarifies that the transfer from the Race Horse Development Fund to the State Racing Fund to cover the costs associated with the collection and research and of testing for medication shall continue until it expires on June 30, 2025. These provisions expired on June 30, 2022.

### **Workers' Compensation Security Fund Transfer**

Requires the Secretary of the Budget to transmit notice to the Legislative Reference Bureau (LRB) notice when the repayment of the \$145,000,000 from the General Fund to the Workers' Compensation Security Fund is complete. Upon publication of the notice, the provisions relating to the loan from Workers' Compensation Security Fund will expire.

### **Opioid Settlement Restricted Account Clarifications**

Clarifies that monies received by a State agency as a result of a court order from claims related to marketing, manufacturing, sale, promotion, distribution, prescribing or dispensing of opioids are deemed Commonwealth funds and are to be deposited into the Opioid Settlement Restricted Account.

### **Federal Infrastructure Project Account**

Continues the Federal Infrastructure Project Account (account) as a restricted account within the General Fund. Money received by the Commonwealth from the Federal Government relating to infrastructure that is not distributed by formula shall be deposited into the account. Money in the account may only be used upon appropriation of the General Assembly.

### **Sports Tourism and Marketing Account**

Establishes in the Pennsylvania Gaming Economic Development and Tourism Fund a restricted account to be known as the Sports Tourism and Marketing Account (account). For the 2022-2023 fiscal year, an amount equal to 5% of revenue from the sports wagering tax or \$2,500,000, whichever is greater shall be transferred to the account. No more than \$5,000,000 may be transferred to the account. Money in the account is to attract high quality, amateur and professional sporting and esportsing events to the Commonwealth.

DCED shall administer a grant program for:

- Costs relating to the preparations necessary for conducting an event;
- Costs of conducting the event at the venue, including costs of an improvement or renovation to an existing facility;
- Promotion, marketing and programming costs associated with an event;
- Paid advertising and media buys within the Commonwealth related to an event;
- Production and technical expenses related to an event;
- Site fees and costs;
- Machinery and equipment purchases associated with an event;
- Public infrastructure upgrades or public safety improvements that directly or indirectly benefit the event;
- Costs related to land acquisition directly related to the event; and,
- On-site hospitality during the event.

Grants awarded may not be used for soliciting the relocation of a professional sports franchise, to construct an arena or stadium or to conduct usual and customary maintenance of a facility.

Requires the Independent Fiscal Office (IFO) to conduct a report analyzing the direct and indirect economic impacts on an event. The report shall be complete no later than 9 months after funds have been received from DCED.

### **Election Integrity Restricted Account**

Establishes the Election Integrity Restricted Account as a restricted account in the General Fund. By August 1, 2022 and each August 1 thereafter, \$45,000,000 from personal income tax revenues shall be transferred to the account. Money in the account can't be used until appropriated, or if appropriate enabling legislation has been passed.

### **Judicial Computer System Financial Audit Committee**

Repeals the funding for the Judicial Computer System Financial Audit Committee. The report was issued January 27, 2022.

### **Department of Human Services Provisions**

Directs \$4,000,000 from the 2-1-1 Communications appropriation for nonrecurring infrastructure enhancements to the statewide 2-1-1 system.

Increases the allocation for services for visually impaired as follows:

- \$3,084,000, from \$2,584,000, for Statewide professional services provider for the blind to provider training.
- \$618,000, from \$518,000, to provide specialized services and the prevention of blindness services in a city of the first class.

Creates the non-lapsing, restricted Home and Community-Based Services for Individuals with Disabilities Augmentation Account within the General Fund. Net proceeds from the sale of property which served as a state center for individuals with intellectual disabilities plus annual appropriations equal to the net operational savings from state center closures shall be deposited into the account. Money in the account will support home and community-based services for individuals with intellectual disabilities, after input from the Office of Developmental Programs and the Information Sharing and Advisory Committee.

From money appropriated for child-care services, no less than \$25,000,000 shall be used to apply an income limit for subsidized child care during redetermination of eligibility to no more than 300% of the Federal poverty income levels or 85% of the Commonwealth's median income, whichever is lower. The Department of Human Services (DHS) shall determine copay amounts for families with income above 235% of Federal poverty income levels. This funding is meant to help smooth the subsidized child care "cliff."

Increases Medical Assistance rates for ambulance transportation beginning January 1, 2023, subject to federal State Plan Approval.

- For basic life support, not less than \$325 per loaded trip.
- For advanced life support, not less than \$400 per loaded trip.
- For ground mileage, not less than \$4 per mile for each loaded mile beyond 20 loaded miles.

### **Non-State Financial Participation**

Allows money received by a county through Act 13 to be used as a match for redevelopment assistance capital projects (RACP) as long as the project serves a purpose eligible under Act 13.

### **Department of Corrections Provisions**

Clarifying language to move the general government operations for the Pennsylvania Parole Board and Board of Pardons under the Department of Corrections. This is a result of the merger of these departments and boards in 2021.

### **Department of Education Provisions**

Makes the charter school double dip provisions permanent. These provisions have been carried in temporary provisions of the Fiscal Code for several years.

Increases per-student grant award amounts made to providers under the Pre-K Counts Program to 14.3% over the amount paid in fiscal year 2021-2022.

### **Rural Health Redesign Center Authority Loan Repayment**

Requires the Rural Health Redesign Center Authority to repay the entirety of its \$1,800,000 loan from the State Treasury no sooner than June 30, 2024. The authority is not responsible for paying partial repayments prior to June 30, 2024.

### **Reemployment Fund**

Extends the transfers from the contributions on wages paid under the Unemployment Compensation Law to the Reemployment Fund until September 30, 2024. The current provisions expire on September 30, 2022.

### **Department of Military and Veterans Affairs Provisions**

Allows the Department of Military and Veterans Affairs (DMVA) to enter contracts with statewide nonprofits that represent veterans' groups or may request the services of members of the Pennsylvania National Guard for the purposes of providing the burial details authorized under law. If DMVA enters a contract with a nonprofit, they shall pay an amount not exceeding \$250 for each day the burial detail is provided.

Increases the pay for Pennsylvania National Guard or Pennsylvania Guard ordered under active duty to no less than \$180 per day. Currently the pay rate is \$100 per day.

### **Military Installation Remediation and Infrastructure Authority**

Expires the terms of members for the Military Installation Remediation and Infrastructure Authority (MIRIA) on December 31, 2022. Beginning on January 1, 2023, the new members of the MIRIA shall be appointed by the municipality and shall have five permanent residents of the municipality and two permanent residents of a municipality with drinking water issues due to the military installation and is immediately adjacent to the municipality.

### **PENNVEST Provisions**

Federal funds received from the Infrastructure Investment and Jobs Act or the Water Infrastructure Improvements for the Nation Act of 2016 which are appropriated to PENNVEST shall be administered by PENNVEST for eligible projects. From amounts appropriated from the Clean Water State Revolving Fund shall be used to address emerging contaminants; from amounts appropriated from the Drinking Water State Revolving Fund shall be used to address lead service line replacement and emerging contaminants; and from amounts appropriated for Water Infrastructure Improvements for the Nation Act shall be used for programs to address small and underserved communities and emerging contaminants. Any funds awarded under these programs may be awarded as a grant or principal forgiveness.

PENNVEST shall issue guidance on implementing these provisions.

## **Various Repeals**

Repeals various headings for the Pennsylvania Board of Probation and Parole, Pennsylvania Public Television Network Commission, Pennsylvania Securities Commission and State Tax Equalization Board because they are no longer necessary.

## **State-related Institutions Use of Funds Provisions**

Moves provisions relating to appropriations to State-related Institutions to a permanent section of the Fiscal Code. Under these provisions, funds appropriated to a State-related institution shall only be used for costs directly related to instruction of graduate and undergraduate students and costs incurred in providing student-related services and community outreach services.

For fiscal year 2022-2023, requires representatives of a State-related institution to appear before the Senate and House Appropriations Committee no fewer than three (3) times a fiscal year.

For fiscal year 2022-2023, requires every tuition invoice that includes a discount due to money appropriated to a State-related institution to include provisions specifying that funding for the discount comes from the General Assembly.

## **Judicial Fees**

Imposes an additional surcharge of \$10.00 on certain court filings for deposit into the Judicial Department Operations Augmentation Account. This surcharge expires on July 31, 2023. Imposes an additional surcharge of \$11.25 on certain court filings for deposit into the Judicial Department Operations Augmentation Account. This surcharge expires on July 31, 2023. Both surcharges expired on June 30, 2022.

Repeals provisions that directed the above surcharges to a separate reserve account within the Judicial Computer System Augmentation Account and reestablishes it as a restricted account within the General Fund. The new restricted account will be known as the Judicial Department Operations Augmentation Account. Money in the new account is appropriated to the Supreme Court for operations of the Judiciary.

Suspends the \$15,000,000 annual transfer from judicial fees to the School Safety and Security Fund for the 2022-2023 fiscal year.

## **Multimodal Transportation Fund Waiver of Local Match Extension**

Extends the mandatory waiver of local match for the Commonwealth Financing Authority (CFA) and the optional waiver of a local match by the Department of Transportation from December 31, 2022 to December 31, 2023.

## **Joint local-state Gun Violence Task Force Funding Limitations**

Limits the reimbursement to the district attorney from the appropriation for the joint local-state gun violence task force to 20% of the funds.

### **Avian Flu Response (Department of Agriculture)**

Makes \$25,000,000 in grants available from money appropriated for agricultural preparedness and response available for costs associated with preparing for and responding to an outbreak of avian influenza.

Makes \$6,000,000 from money appropriated for agricultural preparedness and response available to the Pennsylvania Animal Diagnostic Laboratory System for responding to and preparing for an outbreak of avian influenza.

### **Thaddeus Stevens College Reporting Requirements**

Requires the President of Thaddeus Stevens College to submit a report to members of the General Assembly outlining the use of funds appropriated. The report shall specifically include strategies and use of funds to expand student enrollment.

### **Commonwealth Financing Authority Provisions**

Prohibits the Department of Community and Economic Development (DCED) from deeming an application for funding through the statewide local share account (LSA) ineligible when a down payment was required and the down payment was made after the submission of the application.

### **Agricultural Conservation Easement Purchase Fund**

Allows grants of up to \$5,000 for succession planning grants through the Agricultural Conservation Easement Fund. This has been carried in a budget implementation section for the past several years.

### **Fund Transfers**

From funds received through the Personal Income Tax, \$12,317,000 shall be transferred to the Environmental Stewardship Fund.