
THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 52 Session of
2021

INTRODUCED BY LEWIS, GROVE, KEEFER, O'NEAL, STAATS, GREINER,
KAUFFMAN, RYAN, HAMM, ROTHMAN, JOZWIAK, OWLETT, SANKEY AND
GREGORY, JANUARY 11, 2021

REFERRED TO COMMITTEE ON STATE GOVERNMENT, JANUARY 11, 2021

AN ACT

1 Amending Title 72 (Taxation and Fiscal Affairs) of the
2 Pennsylvania Consolidated Statutes, providing for Council on
3 State Finances.

4 The General Assembly of the Commonwealth of Pennsylvania
5 hereby enacts as follows:

6 Section 1. Title 72 of the Pennsylvania Consolidated
7 Statutes is amended by adding a chapter to read:

8 CHAPTER 20

9 COUNCIL ON STATE FINANCES

10 Sec.

11 2001. Definitions.

12 2002. Establishment of council.

13 2003. Meetings.

14 2004. Report on finances.

15 § 2001. Definitions.

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

1 "Council." The Council on State Finances established under
2 section 2002.

3 "Department." The Department of Revenue of the Commonwealth.

4 "Fund." The Budget Stabilization Reserve Fund.

5 "Other postemployment benefits." Benefits offered by the
6 Commonwealth for employment after an employee retires a pension
7 benefit.

8 "Secretary." The Secretary of Revenue of the Commonwealth.

9 "Volatility." The standard deviation from the average
10 percent change in revenue collections over the prior 15 fiscal
11 years.

12 § 2002. Establishment of council.

13 (a) Establishment.--The Council on State Finances is
14 established to review finances of the Commonwealth.

15 (b) Council composition.--The council shall be composed of
16 the following members:

17 (1) The Auditor General.

18 (2) The secretary.

19 (3) The Secretary of the Budget.

20 (4) The chairperson and minority chairperson of the
21 Appropriations Committee of the Senate.

22 (5) The chairperson and minority chairperson of the
23 Appropriations Committee of the House of Representatives.

24 (6) The Director of the Independent Fiscal Office.

25 (7) The State Treasurer.

26 (8) One member of the public appointed by the Governor
27 with a background in private or public finance.

28 (9) One member of the public appointed by the President
29 pro tempore of the Senate with a background in private or
30 public finance.

1 (10) One member of the public appointed by the Speaker
2 of the House of Representatives with a background in private
3 or public finance.

4 (c) Chairperson and vice chairperson.--The secretary shall
5 serve as chairperson of the council and the Secretary of the
6 Budget shall serve as vice chairperson of the council.

7 (d) Staffing.--The council shall be staffed by the
8 following:

9 (1) Employees of the department selected by the
10 secretary.

11 (2) Employees of the Governor's Office of the Budget
12 selected by the Secretary of the Budget.

13 § 2003. Meetings.

14 (a) Initial and monthly meeting.--The council shall hold its
15 initial meeting no less than 30 days after the effective date of
16 this section and shall meet once a month to discuss the
17 following:

18 (1) Commonwealth Annual Financial Report.

19 (2) The overall financial condition of the Commonwealth.

20 (3) Long-term financial trends of the Commonwealth over
21 the prior 10 fiscal years.

22 (b) Review and assessment.--The council shall review and
23 assess the following:

24 (1) revenue projections and estimates for the current
25 and ensuing fiscal year;

26 (2) the accuracy and error rate of the revenue
27 projections and estimates compared to prior fiscal years;

28 (3) a stress test of the General Fund and operating
29 budget, comparing projected future expenditures of the
30 Commonwealth to projected revenues for the Commonwealth under

1 the following economic scenarios:

2 (i) estimated revenues if the Commonwealth
3 experienced a moderate economic recession; or

4 (ii) estimated revenues if the Commonwealth
5 experienced a severe economic recession;

6 (4) volatility of the revenue sources of the
7 Commonwealth;

8 (5) changes in the overall debt of the Commonwealth
9 during the current fiscal year and anticipated changes in the
10 cost of the debt for the following fiscal year, including
11 changes in the debt incurred by the Commonwealth Financing
12 Authority and other entities empowered under current law to
13 issue and incur debt by the Commonwealth;

14 (6) the cash flow of the General Fund, including, but
15 not limited to, whether the Commonwealth is anticipated to
16 borrow money to make payments for the obligations of the
17 General Fund;

18 (7) expenditures and obligations of the General Fund,
19 including the need for a potential supplemental appropriation
20 during the following fiscal year;

21 (8) expenditures and obligations of the special and
22 restricted funds of the operating budget;

23 (9) the financial health of the pension system of the
24 Commonwealth, including, but not limited to:

25 (i) the overall funding ratio of the pension system;

26 (ii) changes in the overall funding ratio of the
27 pension system over the past 10 fiscal years;

28 (iii) the amount appropriated for the management of
29 the pension system during the current fiscal year; and

30 (iv) the return on investment received under 71

1 Pa.C.S. Pt. XXV (relating to retirement for State
2 employees and officers) compared to the other states and
3 other retirement programs;

4 (10) the financial health of the Commonwealth's other
5 postemployment benefits which shall include, but are not
6 limited to:

7 (i) the overall funding ratio of other
8 postemployment benefits;

9 (ii) changes in the overall funding ratio of other
10 postemployment benefits over the past five fiscal years;
11 and

12 (iii) comparison of the funding ratio of other
13 postemployment benefits offered by the Commonwealth in
14 relation to other state governments;

15 (11) the 20 largest cost drivers in both the total
16 operating budget of the Commonwealth and the General Fund;

17 (12) the growth of each cost driver over the past 10
18 fiscal years and if that growth exceeded the growth of the
19 Commonwealth's revenue over the same time period;

20 (13) the approved capital budget for the current fiscal
21 year;

22 (14) the policies for financial management used by the
23 Commonwealth; and

24 (15) other financial data the council deems to be
25 pertinent to the overall financial condition of the
26 Commonwealth.

27 (c) Right-to-know.--The council shall be subject to the act
28 of February 14, 2008 (P.L.6, No.3), known as the Right-to-Know
29 Law and 65 Pa.C.S. Ch. 7 (relating to open meetings).

30 § 2004. Report on finances.

1 (a) Report.--No later than April 6, 2021, and each year
2 thereafter, the council shall present a report to the Governor
3 and members of the General Assembly on the finances of the
4 Commonwealth.

5 (b) Adoption of report.--The council shall adopt the report
6 prior to sending the report to the Governor by a two-thirds
7 majority vote.

8 (c) Underlying data required.--If the council fails to adopt
9 a report under subsection (b), the council shall provide the
10 Independent Fiscal Office with the underlying data necessary to
11 compile the report. The department shall provide the Independent
12 Fiscal Office with assistance from the staff of the council and
13 pay for any costs incurred to provide the report under this
14 section to the Governor and General Assembly by December 16,
15 2021, and each year thereafter.

16 (d) Additional requirements.--In order to determine the
17 volatility of the revenue sources of the Commonwealth, the
18 report required under subsection (a) shall also include the
19 following:

20 (1) If the source of revenue is a tax, fee or nontax
21 revenue source.

22 (2) The percentage the source of revenue comprises of
23 the total General Fund revenue.

24 (3) The percentage the source of revenue comprises of
25 the total revenue collection.

26 (4) Changes in collection for the source of revenue over
27 the previous five fiscal years.

28 (5) Anticipated changes in the collection of revenue for
29 the source during a moderate or severe economic recession.

30 (6) If the source of revenue is considered by the

1 council to be stable or volatile.

2 (7) The percentage of the total revenue collected
3 considered by the council to be volatile.

4 (8) A recommended amount to transfer into the fund. The
5 following shall apply:

6 (i) If the current amount in the fund is sufficient
7 to cover the volatility of the revenue collection of the
8 Commonwealth, the recommendation for transfer shall be
9 zero.

10 (ii) If the current amount in the fund is sufficient
11 to cover at least one-half of the total volatility in the
12 revenue collection of the Commonwealth, the report shall
13 recommend an amount to be transferred into the fund to
14 fully cover the total volatility in the revenue
15 collection of the Commonwealth.

16 (iii) If the current amount in the fund is
17 insufficient and cannot cover at least one-half of the
18 total volatility in the revenue collection of the
19 Commonwealth, the report shall recommend an amount to be
20 transferred into the fund to cover no less than one-half
21 of the total amount of the volatility in the revenue
22 collection of the Commonwealth.

23 Section 2. This act shall take effect immediately.