

No. 1985-32

AN ACT

HB 285

Creating a special fund in the Treasury Department for use in attracting major industry into this Commonwealth; establishing a procedure for the appropriation and use of moneys in the fund; establishing the Tax Stabilization Reserve Fund; and providing for expenditures from such account.

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

CHAPTER 1
SUNNY DAY FUND

Section 101. Short title.

This chapter shall be known and may be cited as the Sunny Day Fund Act.

Section 102. Findings and declaration of policy.

(a) Findings.—It is hereby determined and declared as a matter of legislative finding and intent:

(1) That involuntary unemployment and its resulting burden of indigency falls with crushing force upon the unemployed worker and upon counties, cities, boroughs and other local governmental jurisdictions, reducing their tax base and impairing their financial ability to support education and other governmental services.

(2) That the problem of unemployment, and its debilitating effects, has not been eliminated since the increased level of the economy has not fully reached all areas of this Commonwealth, nor has the economy of this Commonwealth as a whole reached the level of the national economy.

(3) That the present and prospective health, safety, morals, opportunity for gainful employment and general welfare of the people of this Commonwealth makes desirable, as a public purpose, the promotion and development of large new industrial, manufacturing or research and development enterprises.

(4) That while the Commonwealth has recently put in place the best set of programs for small business available in any state, there may not be programs available which have enough resources available to attract firms with large numbers of new jobs available.

(b) Declaration of policy.—It is, therefore, declared to be the policy of the Commonwealth to promote the health, safety, morals, right to gainful employment and general welfare of the inhabitants by the creation of a special account in the Treasury Department, to be known as the Sunny Day Fund, which shall exist for the public purpose of alleviating unemployment by attracting large industrial, manufacturing or research and development plants into this Commonwealth.

Section 103. Definitions.

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

“Fund.” The Sunny Day Fund created by this chapter.

“Industrial enterprise.” An enterprise other than a mercantile, commercial or retail enterprise which, by virtue of its size, requires substantial capital and which, by its nature, will create substantial employment opportunities.

“Manufacturing enterprise.” An enterprise which is engaged in the giving of new shapes, new qualities or new combinations to matter by the application of processes which will generate substantial employment.

“Research and development enterprise.” An enterprise for the discovery of new and the refinement of known substances, processes, products, theories and ideas, which will create substantial employment opportunities.

Section 104. Operation of fund.

(a) Source of funds.—There is hereby created a special fund in the Treasury Department to be known as the Sunny Day Fund. Moneys to be deposited in the fund shall be appropriated by the General Assembly, and any interest income derived from those moneys shall be deposited into the fund. Moneys in the fund shall remain until appropriated and expended as specified in subsection (b).

(b) Use of funds.—Moneys in the fund shall be available to the Governor and the Department of Commerce in their efforts to attract industrial, manufacturing or research and development enterprises to this Commonwealth, upon approval of an appropriation bill by a vote of two-thirds of the members elected to the Senate and the House of Representatives. Whenever the Governor determines that money from this fund is necessary to attract a major enterprise to this Commonwealth, he shall present a request for an appropriation, along with the specifics of the total proposal and such suggested ancillary and substantive legislation as may be necessary, to the chairmen of the House and Senate Appropriations Committees. The General

Assembly may then appropriate money from the fund in the manner it determines necessary to accomplish the purposes set forth in the Governor's proposal. Any money appropriated according to this section which is then lapsed shall return to the fund.

CHAPTER 2 TAX STABILIZATION RESERVE FUND

Section 201. Short title.

This chapter shall be known and may be cited as the Tax Stabilization Reserve Fund Act.

Section 202. Legislative findings and conclusions.

(a) Findings.—The General Assembly of the Commonwealth hereby finds that:

(1) Economic uncertainty arising from national and international events over which the Commonwealth cannot exercise control impairs the ability of the Commonwealth to accurately predict its anticipated revenues and expenditures.

(2) Overestimates of revenues and underestimates of expenditures can create serious short-term deficits which generate the need for deficiency appropriations and tax increases.

(3) Financing short-term deficits created by economic uncertainty in the past has led to excessive tax increases and erratic changes in tax rates and policies which impaired the attractiveness of this Commonwealth as a location for job creation and business expansion.

(4) Recurring deficits occurring during economic downturns can damage the creditworthiness of the Commonwealth and increase the cost of borrowing for essential capital projects.

(5) The need to cope with problems arising from the effect of economic uncertainty has often caused lengthy delays in adopting a budget for the Commonwealth, caused cutoffs of vital public programs and endangered the stability and reliability of vital public services and programs.

(b) Conclusions.—Therefore, the General Assembly concludes that it is a valid and proper public function to set aside a portion of Commonwealth revenues into a Tax Stabilization Reserve Fund in order to minimize future revenue shortfalls and deficits, provide greater continuity and predictability in the funding of vital government services and minimize the need to increase taxes to balance the budget of the Commonwealth during periods of economic distress.

Section 203. Creation of Tax Stabilization Reserve Fund.

There is hereby established a special fund to be known as the Tax Stabilization Reserve Fund.

Section 204. Funding.

(a) Appropriated funds.—The General Assembly may at any time provide additional amounts from any funds available to this Commonwealth as an appropriation to the Tax Stabilization Reserve Fund.

(b) Intent.—It is hereby declared as the intent and goal of the General Assembly to create a stabilization reserve in an eventual amount not to exceed 3% of the estimated revenues of the General Fund of the Commonwealth.

Section 205. Disposition of funds.

(a) Appropriation.—Whenever the Governor determines that moneys from this fund are necessary to meet emergencies involving the health, safety or welfare of the citizens of this Commonwealth or to counterbalance downturns of the economy which result in significant unanticipated revenue shortfalls, he shall present a request for an appropriation along with the specifics of the proposal and such suggested ancillary and substantive legislation as may be necessary to the chairmen of the Senate and House Appropriations Committees. The General Assembly may then through approval of a separate appropriation bill by a vote of two-thirds of the members elected to the Senate and the House of Representatives appropriate money from the fund to meet the needs identified in the Governor's proposal. Any money appropriated according to this section which has then lapsed shall be returned to the fund.

(b) Purpose.—It is the intent of the General Assembly that these funds be appropriated only when the emergency or downturn in the economy cannot be dealt with through the normal budget process and that the moneys in the Tax Stabilization Reserve Fund not be used to begin new programs but provide for the continuation of vital public programs in danger of being cut off due to financial problems resulting from the economy.

CHAPTER 3 REPEALS AND EFFECTIVE DATE

Section 301. Repeals.

All acts and parts of acts are repealed insofar as they are inconsistent with this act.

Section 302. Effective date.

This act shall take effect immediately.

APPROVED—The 1st day of July, A. D. 1985.

DICK THORNBURGH