

FISCAL NOTE

October 31, 2019

Bill No:	SB 570	Printer's No:	761	Sponsor:	Langerholc (R)
-----------------	--------	----------------------	-----	-----------------	----------------

COST / (SAVINGS)

Fund (s)	2019-20	2020-21
General Fund	\$7.4 million	\$23.1 million
Distressed Municipalities Recovery Fund	(\$7.4 million)	(\$23.1 million)

SUMMARY: SB 570 amends the Municipalities Financial Recovery Act to establish a transfer from liquor tax revenue to a newly established fund for financially distressed municipalities.

ANALYSIS: SB 570 establishes the Distressed Municipalities Recovery Fund under the Commonwealth Financing Authority (CFA). The bill stipulates that the Department of Revenue shall deposit 1/18 of the revenues raised from the liquor tax into this fund each year. CFA is to then use the fund to provide grants to financially distressed municipalities. These grants may be used for infrastructure projects, costs associated with transitioning to shared municipal services, economic development projects, crime prevention and reduction initiatives, and to reduce debt obligations.

SB 570 takes effect 90 days after passage.

FISCAL IMPACT: The transfer from liquor tax proceeds to the newly established Distressed Municipalities Recovery Fund will lead to the following annual revenue loss to the General Fund:

Year	2019-2020	2020-2021	2021-2022	2022-2023	2023-2024
Revenue Loss	\$7.4 million	\$23.1 million	\$24 million	\$25 million	\$25 million