

# FISCAL NOTE

February 1, 2021

<b>Bill No:</b>	HB 71	<b>Printer's No:</b>	47	<b>Sponsor:</b>	Warner (R)
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## COST / (SAVINGS)

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

**SUMMARY:** This bill amends Article VIII of the Pennsylvania Constitution providing for spending limitations.

**ANALYSIS:** HB 71 adds a section to the Pennsylvania Constitution requiring that total spending by the commonwealth in a fiscal year shall not exceed the spending limit established in the bill.

The spending limit for any fiscal year shall be equal to the spending during the immediately prior fiscal year adjusted by the sum of:

- The average of the percentage change in the annual United States Consumer Price Index for All Urban Consumers for each of the preceding three calendar years, and
- The average of the percentage change in the resident population in the commonwealth for the immediately preceding three calendar years.

The spending limit may be increased for any fiscal year in accordance with Article XI by an affirmative vote of three-fourths of both the House and Senate.

Total spending for this section shall mean all appropriations and authorizations from the General Fund and shall exclude refunds and the spending of federal funds, gifts or restricted receipts after the effective date.

This section shall not be circumvented by transferring spending from the General Fund to special funds or restricted receipt accounts.

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 to comply with the advertising requirements of Section 1 Article XI of the Pennsylvania Constitution.

This bill would also limit the ability of the executive and legislative branch in crafting a budget that meets the public safety, social/human services, educational, and environmental needs for the commonwealth by placing specific limitations on spending each fiscal year.

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Fiscal Year	CPI change as defined in the bill	Prior year population change as defined in the bill	Total spending increase limit in bill	Spending limit in bill based on prior year actual spending level	Actual enacted spending level
2016-17	1.33 percent	.05 percent	1.38 percent	\$30,445,764,000	\$31,533,732,000
2017-18	1.06 percent	.05 percent	1.11 percent	\$31,883,756,000	\$31,996,101,000
2018-19	0.90 percent	.00 percent	0.90 percent	\$32,284,065,000	\$32,714,991,000

The following table demonstrates the difference between the actual spending levels enacted and the limits which would be imposed by HB 71.

Fiscal Year	Difference between actual spending level and limit in HB 1316
2016-17	\$ 1,087,968,000
2017-18	\$ 112,345,000
2018-19	\$ 430,926,000

Due to the mandated spending formula, HB 71 would seriously hinder the ability of the commonwealth to fund public schools, law enforcement, and an array of other services Pennsylvanians rely on.