



Senate Finance Committee

Senator John H. Eichelberger, Jr.
Chairman



Room 169, Main Capitol Building, Senate Box 202030, Harrisburg, PA 17120-0030 • 717.787.5490 • Fax 717.783.5192

ANALYSIS

BILL NUMBER: Senate Bill 7, P.N. 501

SPONSOR: Folmer

SYNOPSIS:

Creates the "Taxpayer Protection Act" providing for limitations on state government spending growth.

SUMMARY/ANALYSIS:

Under Senate Bill 7, the growth of total state spending, i.e., the total amount of executive authorizations by the Governor and appropriations made by the General Assembly, from one year to the next to the lesser of :

- (1) the average percentage change in personal income in this Commonwealth for the three preceding calendar years; or
- (2) the average percentage change in inflation for the three preceding calendar years plus the average percentage change in the State population for the three preceding years

This limit shall be reduced by the amount of the reduction in State appropriations to a political subdivision for administration of a mandated service, without an equal or greater reduction in State-mandated expenses for the local government or a repeal of the mandate. The limit may be exceeded to respond to a presidential or gubernatorial declaration of emergency if the General Assembly approves by two-thirds affirmative vote of the members.

The "Taxpayer Protection Act" would also require any surplus tax collections to be distributed, as follows:

- 25% of any moneys in excess of these limits be returned to the taxpayers
- 25% be allocated to the Rainy Day Fund to help balance state budgets during trying economic times
- 50% to help pay down the unfunded liabilities of the Public School Employees' Retirement System (PSERS) and the State Employees' Retirement System (SERS)

EFFECTIVE DATE:

This act shall take effect immediately.

Derr 4/20/15