
SUMMARY

SENATE BILL 707

Printer's No. 1101

Synopsis:

Establishes the "Taxpayer Protection Act."

Summary:

Limits spending by the Commonwealth by establishing an appropriation limit as set forth.

The state's limit shall be reduced by the amount of reduction in state appropriations to a political subdivision for administration of a mandated service, without an equal or greater reduction in state-mandated service, without an equal or greater reduction in state-mandated expenses

The appropriation limit is defined as the total spending by the Commonwealth during the prior fiscal year adjusted by the lesser of: (1) the average percentage change in personal income 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 Pennsylvania's population for the three preceding years.

Establishes certain exceptions as follows:

- (1) For presidential or gubernatorial declared emergencies upon two-thirds vote by the General Assembly;
- (2) As requested by the Governor upon a two-thirds vote of the General Assembly.

Amounts appropriated under the exceptions shall not be included in the computation base for the overall appropriation limit for any subsequent fiscal year.

If the Governor certifies that a surplus exists, 50% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund ("Rainy Day Fund") and 50% into the Taxpayer Fairness Fund in the State Treasury.

When a surplus exists, 25% would be deposited into the Budget Stabilization Reserve Fund (Rainy Day Fund) and 75% would be deposited in the Taxpayer Protection Fund. In years where the balance in the Rainy Day Fund equals or exceeds 5% of the total of the General Fund, 100% of the surplus shall be deposited into the Taxpayer Protection Fund.

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Money in the Taxpayer Protection Fund shall be distributed to taxpayers who have liability for personal income tax through a temporary reduction in the rate of the tax.

The General Assembly may provide additional amounts from funds available as an appropriation to the Budget Stabilization Reserve Fund. Repeals current distribution requirements for the "Rainy Day Fund."

Effective immediately.

Comment:

This bill is similar to Senate Bill 4 of last session which passed the Senate 10/26/05 (42-8) but did not receive final consideration in the House.

Phenicie 6/7/07