

**FISCAL CODE - OMNIBUS AMENDMENTS**  
**Act of Jul. 2, 2012, P.L. 823, No. 87**

**Cl. 72**

Session of 2012  
No. 2012-87

SB 1263

AN ACT

Amending the act of April 9, 1929 (P.L.343, No.176), entitled, as amended, "An act relating to the finances of the State government; providing for the settlement, assessment, collection, and lien of taxes, bonus, and all other accounts due the Commonwealth, the collection and recovery of fees and other money or property due or belonging to the Commonwealth, or any agency thereof, including escheated property and the proceeds of its sale, the custody and disbursement or other disposition of funds and securities belonging to or in the possession of the Commonwealth, and the settlement of claims against the Commonwealth, the resettlement of accounts and appeals to the courts, refunds of moneys erroneously paid to the Commonwealth, auditing the accounts of the Commonwealth and all agencies thereof, of all public officers collecting moneys payable to the Commonwealth, or any agency thereof, and all receipts of appropriations from the Commonwealth, authorizing the Commonwealth to issue tax anticipation notes to defray current expenses, implementing the provisions of section 7(a) of Article VIII of the Constitution of Pennsylvania authorizing and restricting the incurring of certain debt and imposing penalties; affecting every department, board, commission, and officer of the State government, every political subdivision of the State, and certain officers of such subdivisions, every person, association, and corporation required to pay, assess, or collect taxes, or to make returns or reports under the laws imposing taxes for State purposes, or to pay license fees or other moneys to the Commonwealth, or any agency thereof, every State depository and every debtor or creditor of the Commonwealth," in general provisions, further providing for method of payment; in Department of Revenue, further providing for transmission of moneys; in Treasury Department, further providing for replacement checks; in State Treasury disbursements, providing for settlement agreements and enforcement actions; in capital facilities debt, further providing for definitions, for Neighborhood Improvement Zone Fund, for Keystone Opportunity Zone and for Commonwealth pledges; in financially distressed municipalities, further

providing for administrative oversight; in oil and gas wells, providing for conventional gas well bonding and for oil and gas operations in the South Newark Basin; in Keystone Special Development Zones, further providing for definitions; in tax credits, repealing provisions relating to the Department of Education, the Department of Revenue and the Department of Community and Economic Development; in permit extensions, further providing for definitions; in special funds, further providing for funding; in general budget implementation, further providing for Auditor General, for Department of Labor and Industry and for Department of Public Welfare; providing for 2012-2013 budget implementation; providing for 2012-2013 appropriations restrictions; in audits, further providing for audits of Race Horse Development Funds; and making related repeals.

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

Section 1. Section 9 of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, added November 21, 1990 (P.L.542, No.134), is amended to read:

Section 9. Method of Payment.--(a) Notwithstanding any other provisions of this act or any other acts, the State Treasurer and the Secretary of Revenue shall jointly prescribe by regulation the method of payment of obligations due the Commonwealth. Such regulations shall include:

(1) Requiring payment by electronic funds transfers (EFT) which includes automated clearinghouse debit, automated clearinghouse credit, wire transfer and any other means that may be available to obtain funds due the Commonwealth in the most expeditious manner. The payor shall select which method of electronic funds transfer he wishes to utilize from among these options.

(2) Setting the date on which a payment is deemed to have been received when a method other than mail is required.

(3) Establishing procedures to be followed when a method other than mail is required.

(4) Any other provisions necessary to ensure the prompt deposit of funds legally due the Commonwealth.

(5) An option permitting payment by certified or cashier's check delivered in person or by courier to the Department of Revenue on or before the due date of the obligation, in lieu of payment by electronic funds transfer.

(b) The regulations shall not require:

(1) Any payment to be posted to a Commonwealth account prior to the due date, including grace periods, established by law or regulations.

(2) Changes to the method of payment for those payments made by individuals under Article III of the act of March 4, 1971 (P.L.6, No.2), known as the "Tax Reform Code of 1971."

(3) Changes to the method of payment when the payment is less than [twenty thousand dollars (\$20,000)] **ten thousand dollars (\$10,000)**.

(4) Automated clearinghouse debit as the sole and exclusive means of complying with this act and the regulations promulgated pursuant to this act.

Section 2. Section 209 of the act, amended June 1, 1931 (P.L.318, No.143), is amended to read:

Section 209. Transmission of Moneys.--[All] **(a) Except as provided in subsection (b), all** moneys received by the Department of Revenue during any day shall be transmitted promptly to the Treasury Department, and the Treasury Department shall forthwith issue its receipt to the Department of Revenue for such moneys, and credit them to the fund and account designated by the Department of Revenue.

Detailed statements of all moneys received shall be furnished to the Treasury Department and the Department of the Auditor General contemporaneously with the transmission of such moneys to the Treasury Department.

**(b) The following apply to contracts:**

**(1) The Department of Revenue may enter into contracts allowing the contractor to be paid for products provided or services rendered, on a contingent fee basis, for taxes, interest, penalty or fees collected or refunds saved.**

**(2) The money collected under paragraph (1) shall be deposited into a restricted receipt account, out of which the contingent fees shall be paid. By the last day of each month, all money remaining in the restricted receipt account shall be transferred to the General Fund.**

**(3) The Department of Revenue shall submit an annual report setting forth the number of contracts entered into under paragraph (1), the amount collected and the percentage of the contingency.**

Section 3. Section 309 of the act, amended or added June 30, 1972 (P.L.717, No.165) and May 2, 1986 (P.L.145, No.45), is amended to read:

Section 309. Replacement Checks.--(a) Upon presentation for payment of any check to the Treasury Department which is more than [one year and not more than seven years] **one hundred and eighty days and not more than one year** old, the Treasury Department shall requisition and issue a replacement check to

the person entitled thereto [which shall be paid from an executive authorization by the Governor made to the Treasury Department for such purpose] from each of the various funds. **All reportable Commonwealth checks which have not been presented for payment in excess of one year from the date of issuance shall be delivered to the custodial control of the State Treasurer as abandoned or unclaimed property and shall be disposed of under Article XIII.1.**

(b) The Treasury Department as of January 1, 1972, and on each July 1 thereafter, shall take credit on its books and calculate as cash to the credit of the proper funds all amounts held in State depositories or otherwise for the payment of **nonreportable** checks which on said dates had been issued for a period of one year or more and which had not been presented for payment.

Section 3.1. The act is amended by adding a section to read:

**Section 1507.1. Settlement Agreements; Enforcement Actions.-**

**-(a) Except as set forth in subsection (b), the following apply:**

(1) Unless otherwise provided by this section or another provision of law, money received by an agency as a result of a settlement, litigation or an enforcement action shall be deemed funds of the Commonwealth and shall, upon receipt, be deposited into the General Fund.

(2) If money to pursue a settlement, litigation or enforcement action was expended by the agency from the General Fund or other fund or account established by law, those costs recovered shall be credited to the appropriation, fund or account from which the original costs were expended and used as provided by law and shall be available for expenditure in accordance with the law governing the expenditure.

(3) Amounts that exceed the actual costs of a settlement, litigation or enforcement action and are deposited in the General Fund may be redirected to the agency that was the party to the settlement, litigation or enforcement action to supplement the activities of the agency upon request of the agency and approval of the Secretary of the Budget.

(4) If there is a redirection under paragraph (3), the secretary shall provide notice of the transfer to the chair of the Appropriations Committee of the Senate and the chair of the Appropriations Committee of the House of Representatives and include a detailed determination of actual costs incurred by the agency and the identification of the associated settlement, litigation or enforcement action.

(b) Subsection (a) shall not apply as follows:

(1) The recovery of Federal money shall be disposed of in accordance with this section and applicable Federal or State law or contract.

(2) Nothing in this section shall supersede any payments, including restitution, ordered by a court.

(c) As used in this section, the term "agency" includes the Commonwealth and an agency or instrumentality of the Commonwealth.

Section 4. The definitions of "city" and "fund" in section 1602-B of the act, added October 9, 2009 (P.L.537, No.50), are amended and the section is amended by adding a definition to read:

Section 1602-B. Definitions.

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

\* \* \*

"City." A city of the third class with, [on the effective date of this section] **on the date of the designation of a neighborhood improvement zone by the contracting authority**, a population of at least 106,000 [and not more than 107,000], based on the [2000] **most recent** Federal decennial census.

\* \* \*

"Earned income tax." A tax or portion of a tax imposed on earned income within a neighborhood improvement zone under the act of December 31, 1965 (P.L.1257, No.511), known as The Local Tax Enabling Act, which a city, or a school district contained entirely within the boundaries of or coterminous with the city, is entitled to receive.

\* \* \*

"Fund." [The] **A** Neighborhood Improvement Zone Fund established under section 1604-B.

\* \* \*

Section 5. Section 1604-B heading, (a), (a.1)(3), (b) introductory paragraph, (d), (e), (f) introductory paragraph and (g) introductory paragraph of the act, amended or added October 9, 2009 (P.L.537, No.50) and June 30, 2011 (P.L.159, No.26), are amended and the section is amended by adding a subsection to read:

Section 1604-B. Neighborhood Improvement Zone [Fund] **Funds.**

(a) Special [fund] **funds.**--[There is established a special fund known as the Neighborhood Improvement Zone Fund.] **Following the designation of a neighborhood improvement zone, the contracting authority shall, within ten days of making the designation or, in the case of a neighborhood improvement zone designated prior to July 1, 2012, within ten days of the effective date of this subsection, notify the State Treasurer of**

the designation. Upon the notice, the State Treasurer shall establish a special fund for the benefit of each contracting authority to be known as the "Neighborhood Improvement Zone Fund." Interest income derived from investment of the money in [the] each fund shall be credited by the Treasury Department to the fund.

(a.1) Certification.--

\* \* \*

(3) Any penalty imposed under this subsection shall be imposed, assessed and collected by the department under the provisions for imposing, assessing and collecting penalties under Article II of the Tax Reform Code of 1971. When the penalty is received, the money shall be transferred from the General Fund to the fund of the contracting authority that designated the neighborhood improvement zone in which the qualifying business is located.

\* \* \*

(a.2) Transition.--

(1) Subject to paragraphs (3) and (4), within 15 days of the effective date of this subsection, the State Treasurer shall:

(i) determine the amount of money in the Neighborhood Improvement Zone Fund existing on the effective date of this subsection which is attributable to each neighborhood improvement zone; and

(ii) transfer the amount of money in the Neighborhood Improvement Zone Fund existing on the effective date of this subsection to the fund for each contracting authority for which money was deposited.

(2) An entity collecting a local tax that, on the effective date of this subsection, is in possession of money attributable to a local tax not included in the amount to be calculated and certified under subsection (b) shall promptly remit that money to the local taxing authority entitled to receive the money.

(3) Transfer and repayment is subject to the following:

(i) Before making the transfer under paragraph (1), the State Treasurer shall:

(A) determine the amount of money deposited in the fund which was attributable to earned income taxes that a contracting authority is not entitled to receive under subsection (b); and

(B) deduct the amount of money determined under clause (A) from the money to be transferred under paragraph (1).

(ii) If any amount of the money under subparagraph (i) (A) has already been transferred to a contracting

authority, the State Treasurer shall take action as necessary to recover the money from the contracting authority, including by way of setoff from money to be paid to the contracting authority under paragraph (1). The contracting authority shall comply with a demand made by the State Treasurer for the repayment of money under this paragraph.

(4) As to the money deducted or recovered under paragraph (3), the State Treasurer shall:

(i) identify the local taxing authorities that were entitled to receive the money which was deposited in the fund;

(ii) determine the amount to which each local taxing authority was entitled; and

(iii) remit the amount under subparagraph (ii) to the proper local taxing authority.

(b) Calculation.--Within 60 days of the end of each calendar year, the department shall certify **separately for each neighborhood improvement zone** the amounts of State taxes paid, less any State tax refunds received, by the qualified businesses filing reports under subsection (a.1)(1) to the Office of the Budget. Beginning in [2012] **the first full calendar year following the designation of a neighborhood improvement zone** and in each calendar year thereafter, by November 1, the department shall calculate, in accordance with this subsection, amounts of State taxes actually received by the Commonwealth from each qualified business that filed a report under subsection (a.1)(1) in the prior calendar year, and the department shall certify the amounts received to the office. An entity collecting a local tax within the neighborhood improvement zone shall, within 30 days of the end of each calendar year, submit all of the local taxes that are to be calculated under this subsection and which were paid in the prior calendar year, less any certified local tax refunds received by a qualified business in the prior calendar year, to the State Treasurer to be deposited in the fund under subsection (d) **of the contracting authority that established the neighborhood improvement zone**. This subsection shall not apply to any taxes subject to a valid pledge or security interest entered into in order to secure debt service on bonds if the pledge or security interest was entered into prior to May 1, 2011, **or in the case of the neighborhood improvement zone designated after July 1, 2011, on the date of the designation**, and is still in effect. The following shall be the amounts calculated and certified **separately for each neighborhood improvement zone**:

\* \* \*

(d) Transfers.--

(1) Within ten days of receiving certification under subsection (b), the Secretary of the Budget shall direct the State Treasurer to, notwithstanding any other law, transfer the amounts certified under subsection (b) **for each neighborhood improvement zone** from the General Fund to the fund **of the contracting authority that established the neighborhood improvement zone**. Beginning in [2013] **the second calendar year following the designation of a neighborhood improvement zone** and in each year thereafter, the amounts certified by the secretary to the State Treasurer and the amounts transferred by the State Treasurer to the fund **of each contracting authority** shall be determined as follows:

(i) Add amounts certified by the department under subsection (b) for the prior calendar year.

(ii) Subtract from the sum under subparagraph (i) any State tax refunds paid as certified by the department under subsection (b).

(iii) Add to the difference under subparagraph (ii) any amounts certified under subsection (b) with respect to the second prior calendar year.

(iv) Subtract from the sum under subparagraph (iii) any amounts certified under subsection (b) which are less than the amounts previously certified under subsection (b) with respect to the second prior calendar year.

(2) The State Treasurer shall provide an annual transfer to the contracting authority until the bonds issued to finance and refinance the improvement and development of the neighborhood improvement zone and the construction of the facility or facility complex are retired. Each annual transfer to the contracting authority shall be equal to the balance of the fund **of the contracting authority** on the date of the transfer under paragraph (1).

(e) Restriction on use of [funds.--Funds] **money.--Money** transferred under subsection (d) **is subject to the following:**

(1) [May] **The money may** only be utilized [for] **as follows:**

(i) **For payment of debt service, directly or indirectly through a multitiered ownership structure or other structure authorized by a contracting authority to facilitate financing mechanisms, on bonds or on refinancing loans used to repay bonds issued [for] to finance or refinance:**

(A) the improvement and development of all or any part of the neighborhood improvement zone; and

(B) the [purpose of constructing] **construction of all or part of** a facility or facility complex[, for].

(ii) For payment of debt service on bonds issued to refund those bonds [and to replenish].

(iii) For replenishment of amounts required in any debt service reserve funds established to pay debt service on bonds.

(1.1) The term of a bond to be refunded shall not exceed the maximum term permitted for the original bond issued for the improvement or development of the neighborhood improvement zone and the construction of a facility or facility complex.

(2) [May] **The money may** not be utilized for purposes of renovating or repairing a facility or facility complex, except for capital maintenance and improvement projects.

(f) Ticket surcharge.--The entity operating the facility may collect a capital repair and improvement ticket surcharge, the proceeds of which shall be deposited into the fund **of each contracting authority**. The [funds] **fund of each contracting authority** shall be maintained and utilized as follows:

\* \* \*

(g) Excess money.--Within 30 days of the end of each calendar year, any money remaining in the fund **of each contracting authority** at the end of the prior calendar year after the required payments under subsection (d) (2) were made in the prior calendar year shall be refunded in the following manner:

\* \* \*

Section 6. Sections 1605-B, 1607-B and 1601-D.1 of the act, amended or added June 30, 2011 (P.L.159, No.26), are amended to read:

Section 1605-B. Keystone Opportunity Zone.

[Before September 1, 2011, the] **Within four months following the designation of a neighborhood improvement zone, a city** [shall] **may** apply to the Department of Community and Economic Development to decertify and remove the designation of all or part of the Keystone Opportunity Zone on behalf of all political subdivisions. The provisions of section 309 of the act of October 6, 1998 (P.L.705, No.92), known as the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone and Keystone Opportunity Improvement Zone Act shall be deemed satisfied as to all political subdivisions. The Department of Community and Economic Development shall act on the application within 30 days.

Section 1607-B. Commonwealth pledges.

If and to the extent that the contracting authority pledges amounts required to be transferred to the fund **of the contracting authority** under section 1604-B for the payment of bonds issued by the contracting authority, until all bonds

secured by the pledge of the contracting authority, together with the interest on the bonds, are fully paid or provided for, the Commonwealth pledges to and agrees with any person, firm, corporation or government agency, whether in this Commonwealth or elsewhere, and to and with any Federal agency subscribing to or acquiring the bonds issued by the contracting authority that the Commonwealth itself will not, nor will it authorize any government entity to, abolish or reduce the size of the neighborhood improvement zone; to amend or repeal section 1604-B(a.1), (b) or (d); to limit or alter the rights vested in the contracting authority in a manner inconsistent with the obligations of the contracting authority with respect to the bonds issued by the contracting authority; or to otherwise impair revenues to be paid under this article to the contracting authority necessary to pay debt service on bonds. Nothing in this section shall limit the authority of the Commonwealth or any government entity to change the rate, tax bases or any subject of any specific tax or repealing or enacting any tax. Section 1601-D.1. Administrative oversight.

(a) Scope of article.--This section applies to a city of the third class which is determined to be financially distressed under section 203 of the act of July 10, 1987 (P.L.246, No.47), known as the Municipalities Financial Recovery Act.

(b) Limitation on bankruptcy.--Notwithstanding any other provision of law, including section 261 of the Municipalities Financial Recovery Act, no distressed city may file a petition for relief under 11 U.S.C. Ch. 9 (relating to adjustment of debts of a municipality) or any other Federal bankruptcy law, and no government agency may authorize the distressed city to become a debtor under 11 U.S.C. Ch. 9 or any other Federal bankruptcy law.

(c) Penalty.--If a city subject to this section fails to comply with subsection (b), all Commonwealth funding to the city shall be suspended.

(d) Expiration.--This section shall expire [July 1, 2012] **November 30, 2012.**

Section 7. (Reserved).

Section 8. (Reserved).

Section 9. The act is amended by adding sections to read:

**Section 1606-E. Conventional oil and gas well bonding.**

(a) Requirement.--Notwithstanding 58 Pa.C.S. § 3225(a)(1) (relating to bonding), the bond amount for conventional oil or gas wells shall be \$2,500 per well or a blanket bond of \$25,000. The Environmental Quality Board shall undertake a review of the existing bond requirements for conventional oil and gas wells. Nothing in this section shall be construed to alter or repeal

section 1934-A of the act of April 9, 1929 (P.L.177, No.175), known as The Administrative Code of 1929.

(b) Definition.--As used in this section, the term "conventional oil or gas well" means any oil or gas well which is not an unconventional well as defined in 58 Pa.C.S. § 3203 (relating to definitions).

Section 1607-E. Oil and gas operations in the South Newark Basin.

(a) Legislative findings.--The General Assembly finds and declares that:

(1) The United States Geological Survey issued a report in June of 2012, entitled "Assessment of Undiscovered Oil and Gas Resources of the East Coast Mesozoic Basins of the Piedmont, Blue Ridge Thrust Belt, Atlantic Coastal Plain, and New England Provinces, 2011."

(2) The report under paragraph (1) revealed a mean average of 876,000,000,000 cubic feet of total undiscovered natural gas resources in the South Newark Basin assessment unit.

(3) The unique geologic and geochemical characteristics of the South Newark Basin evaluated in the report under paragraph (1) have not been adequately evaluated by the Commonwealth and are deserving of further study.

(b) Well permits.--The Department of Environmental Protection may not issue well permits under 58 Pa.C.S. Ch. 32 (relating to development) to engage in oil and gas operations within the geographic boundaries of the South Newark Basin, as defined by the report under subsection (a), until all of the following have occurred:

(1) A study is completed by the Department of Conservation and Natural Resources, in consultation with the municipalities located in the South Newark Basin, evaluating the practical resource recovery implications of the report under subsection (a) and the fiscal impact of oil and gas operations on the South Newark Basin.

(2) Legislation authorizes the governing body of a county situated in whole or in part within the South Newark Basin that has spud a gas well located within its borders to elect whether to impose a fee on gas wells pursuant to 58 Pa.C.S. Ch. 23 (relating to unconventional gas well fee).

(c) Expiration.--This section shall expire January 1, 2018. Section 10. Section 1602-F of the act, added June 30, 2011 (P.L.159, No.26), is amended to read:  
Section 1602-F. Definitions.

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

"Affiliate." As follows:

(1) an entity which is part of the same "affiliated group," as defined in section 1504(a) of the Internal Revenue Code of 1986 (Public Law 99-514, 26 U.S.C. § 1504(a)), as a Keystone Special Development Zone employer; or

(2) an entity that would be part of the same "affiliated group" except that the entity or the Keystone Special Development employer is not a corporation.

"Department." The Department of Community and Economic Development of the Commonwealth.

"Employee." An individual who:

(1) is employed in this Commonwealth by a Keystone Special Development Zone employer, or its predecessor, after the effective date of this article;

(2) is employed for at least 35 hours per week by a Keystone Special Development Zone employer; and

(3) spends at least 90% of his or her working time for the Keystone Special Development Zone employer at the Keystone Special Development Zone location.

"Full-time equivalent employee." The whole number of employees, rounded down, that equals the sum of:

(1) the total paid hours, including paid time off and family leave under the Family and Medical Leave Act of 1993 (Public Law 103-3, 29 U.S.C. § 2601 et seq.), of all of a Keystone Special Development Zone employer's employees classified as nonexempt during the Keystone Special Development Zone employer's tax year divided by 2000; and

(2) a total number arrived at by adding, for each Keystone Special Development Zone employer's employee classified as exempt scheduled to work at least 35 hours per week, the fraction equal to the portion of the year the exempt employee was paid by the Keystone Special Development Zone employer. Whether an employee shall be classified as exempt or nonexempt shall be determined under the Fair Labor Standards Act of 1938 (52 Stat. 1060, 29 U.S.C. § 201 et seq.).

The calculation under this definition excludes employees previously employed by an affiliate and employees previously employed by the Keystone Special Development Zone employer outside of a Keystone Special Development Zone.

"Keystone Special Development Zone." A parcel of real property that meets all of the following:

(1) On July 1, 2011, was within a special industrial area, as described in section 305(a) of the act of May 19, 1995 (P.L.4, No.2), known as the Land Recycling and Environmental Remediation Standards Act, for which the Department of Environmental Protection has executed a special

industrial area consent order and agreement, as provided under section 502(a) of the Land Recycling and Environmental Remediation Standards Act.

(2) On July 1, 2011[, ]:

(i) had no permanent vertical structures affixed to it; or

(ii) **had a permanent vertical structure affixed to it which has been deteriorated or abandoned for at least 20 years.**

(3) Is certified by the Department of Environmental Protection as meeting the requirements of paragraphs (1) and (2).

"Keystone Special Development Zone employer." A person or entity subject to the taxes imposed under Article III, IV, VI, VII, VIII or XV of the act of March 4, 1971 (P.L.6, No.2) known as the Tax Reform Code of 1971, who employs one or more employees at a Keystone Special Development Zone. The term shall include a pass-through entity. The term shall not include any of the following:

(1) An employer who, after January 1, 1990, intentionally or negligently caused or contributed to, in any material respect, a level of regulated substance above the cleanup standards in the act of May 19, 1995 (P.L.4, No.2), known as the Land Recycling and Environmental Remediation Standards Act, on, in or under the Keystone Special Development Zone at which an employee is employed.

(2) An employer engaged in construction improvements on a Keystone Special Development Zone.

"Pass-through entity." A partnership as defined in section 301(n.0) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, or a Pennsylvania S corporation as defined in section 301(n.1) of the Tax Reform Code of 1971.

"Qualified tax liability." Any tax owed by a Keystone Special Development Zone employer attributable to a business activity conducted within a Keystone Special Development Zone for a tax year under Article III, IV, VI, VII, VIII or XV of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

Section 10.1. Section 1601-H of the act, added July 6, 2010 (P.L.279, No.46), is repealed:

[Section 1601-H. Department of Education.

(a) Applicability.--This section shall apply to Educational Improvement Tax Credits awarded in fiscal year 2010-2011.

(b) Restoration.--Notwithstanding Articles XVII-F and XXIX-E of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, for the tax credit established under Article XVII-F of the Tax Reform Code of 1971, the amount

available to be awarded pursuant to section 1706-F(a) of the Tax Reform Code of 1971 shall be \$60,000,000 in fiscal year 2010-2011. The amount available to be awarded under section 1706-F(a) (1) and (2) of the Tax Reform Code of 1971 shall be as follows:

(1) The total aggregate amount of all tax credits approved shall not exceed \$53,604,000 in fiscal year 2010-2011. No less than \$40,202,400 of the total aggregate amount shall be used to provide tax credits for contributions from business firms to scholarship organizations. No less than \$13,401,600 of the total aggregate amount shall be used to provide tax credits for contributions from business firms to educational improvement organizations.

(2) The total aggregate amount of all tax credits approved for contributions from business firms to prekindergarten scholarship programs shall not exceed \$6,396,000 in fiscal year 2010-2011.]

Section 10.1a. Sections 1602-H and 1603-H, added June 30, 2011 (P.L.159, No.26), are repealed:

[Section 1602-H. Department of Revenue.

For fiscal year 2011-2012 and each fiscal year thereafter and notwithstanding section 1709-B(a) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, the amount of credits approved by the Department of Revenue under Article XVII-B of the Tax Reform Code of 1971 shall not exceed \$55,000,000 in a fiscal year, and \$11,000,000 of that amount shall be allocated exclusively for small business. As used in this section, the term "small business" has the meaning ascribed in section 1702-B of the Tax Reform Code of 1971.

Section 1603-H. Department of Community and Economic Development.

For fiscal year 2011-2012 and each fiscal year thereafter, the Department of Community and Economic Development may approve tax credits as follows:

(1) Notwithstanding section 1707-D(a) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, the aggregate amount of tax credits awarded under Article XVII-D of the Tax Reform Code of 1971 shall not exceed \$60,000,000 in a fiscal year.

(2) Notwithstanding section 1804-B(e) of the Tax Reform Code of 1971, awards by the department shall not exceed \$10,100,000 in tax credits under Article XVIII-B of the Tax Reform Code of 1971.]

Section 10.2. The definition of "extension period" in section 1602-I of the act, added July 6, 2010 (P.L.279, No.46), is amended to read:

Section 1602-I. Definitions.

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

\* \* \*

"Extension period." The period beginning after December 31, 2008, and ending before July 2, [2013] **2016**.

\* \* \*

Section 11. Sections 1702-A and 1715-E of the act, amended June 30, 2011 (P.L.159, No.26), are amended to read:

Section 1702-A. Funding.

(a) Intent.--It is hereby declared as the intent and goal of the General Assembly to create a stabilization reserve in an eventual amount of 6% of the revenues of the General Fund of the Commonwealth.

(b) Transfer of portion of surplus.--

(1) Except as may be provided in paragraph (2), for fiscal years beginning after June 30, 2002, the following apply:

(i) Except as set forth in this paragraph, if the Secretary of the Budget certifies that there is a surplus in the General Fund for a specific fiscal year, 25% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund.

(ii) If the Secretary of the Budget certifies, after June 30, 2005, that there is a surplus in the General Fund for the fiscal year 2004-2005, 15% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Stabilization Reserve Fund.

(iii) No amount of the surplus in the General Fund for fiscal year 2007-2008 may be deposited into the Budget Stabilization Reserve Fund.

(iv) No amount of the surplus in the General Fund for fiscal year 2010-2011 may be deposited into the Budget Stabilization Reserve Fund.

**(v) No amount of the surplus in the General Fund for fiscal year 2011-2012 may be deposited into the Budget Stabilization Reserve Fund.**

(2) If, at the end of any fiscal year, the ending balance of the Budget Stabilization Reserve Fund equals or exceeds 6% of the actual General Fund revenues received for the fiscal year in which the surplus occurs, 10% of the surplus shall be deposited by the end of the next succeeding quarter into the Budget Reserve Stabilization Fund.

(c) Appropriated funds.--The General Assembly may at any time provide additional amounts from any funds available to this

Commonwealth as an appropriation to the Budget Stabilization Reserve Fund.

Section 1715-E. Auditor General.

The following shall apply to appropriations to the Auditor General:

(1) Funds appropriated to the Department of the Auditor General shall be for the purpose of performing postaudits in accordance with generally accepted government auditing standards.

(2) [If] **By March 31**, the Auditor General [fails to] **shall deliver [an] to the Office of the Budget a complete** annual audit of Commonwealth-managed federally funded programs [by March 31, 2012, and each March 31 thereafter,] in accordance with the Single Audit Act of 1984 (Public Law 98-502, 31 U.S.C. § 7501 et seq.) and related guidance issued by the [United States] Office of Management and Budget, **or the Auditor General and the Office of the Budget must agree in writing that extenuating circumstances prevent the Auditor General from completing the audit by the specified date. If there is noncompliance with this paragraph,** the State Treasurer shall not authorize the release of any funds appropriated to the Auditor General in the quarter following the failure of the Auditor General to deliver the audit **until the Auditor General completes the audit and delivers it to the Office of the Budget.** The Auditor General shall not bill any Commonwealth agency to make up for any funding deficiency caused by the State Treasurer withholding payments under this paragraph.

(3) **The Auditor General shall provide the Office of the Budget a Single Audit Engagement Letter, including the total cost to perform the audit and a timeline each year for annual funding approval.**

Section 12. Sections 1727-E and 1729-E(2)(i) of the act, added July 17, 2007 (P.L.141, No.42), are amended to read: Section 1727-E. Department of Labor and Industry [(Reserved)].

**For the "Reed Act-Unemployment Insurance" and "Reed Act-Employment Services and Unemployment Insurance" appropriations, the total amount which may be obligated shall not exceed the limitations under section 903 of the Social Security Act (49 Stat. 620, 42 U.S.C. § 1103).**

Section 1729-E. Department of Public Welfare.

The following shall apply to appropriations for the Department of Public Welfare:

\* \* \*

(2) Federal and State medical assistance payments. The following shall apply:

(i) [(Reserved).] **No funds appropriated for approved capitation plans shall be used to pay a provider who fails to supply information in a form required by the department in order to facilitate claims for Federal financial participation for services rendered to general assistance clients.**

\* \* \*

Section 13. Repeals are as follows:

(1) The General Assembly finds and declares as follows:

(i) Each year, articles on budget implementation are added to the act.

(ii) These articles are temporary in nature but are placed permanently into the act, utilizing article numbers and section numbers.

(iii) Reusing article numbers and section numbers will keep the text of the act more concise.

(iv) The repeal under paragraph (2) is necessary to effectuate subparagraph (iii).

(2) Articles XVII-F and XVII-G of the act, added July 17, 2007 (P.L.141, No.42), are repealed.

Section 14. The act is amended by adding articles to read:

**ARTICLE XVII-F  
2012-2013 BUDGET IMPLEMENTATION  
SUBARTICLE A  
PRELIMINARY PROVISIONS**

**Section 1701-F. Applicability.**

**Except as specifically provided in this article, this article applies to the General Appropriation Act and all other appropriation acts of 2012.**

**Section 1702-F. Definitions and abbreviations.**

(a) **Definitions.--The following words and phrases when used in this article shall have the meanings given to them in this section unless the context clearly indicates otherwise:**

**"General Appropriation Act." The act of June 30, 2012 (P.L.1740, No.9A), known as the General Appropriation Act of 2012.**

**"Secretary." The Secretary of the Budget of the Commonwealth.**

(b) **Abbreviations.--The following abbreviations when used in this article shall have the meanings given to them in this section:**

**"AIDS." Acquired Immune Deficiency Syndrome.**

**"ARC." Appalachian Regional Commission.**

**"ARRA." The American Recovery and Reinvestment Act of 2009 (Public Law 111-5, 123 Stat. 115).**

**"BG." Block Grant.**

**"CCDFBG." Child Care and Development Fund Block Grant.**

"CSBG." Community Services Block Grant.  
 "DCSI." Drug Control and Systems Improvement Formula Grant Program.  
 "DFSC." The Safe and Drug-Free Schools and Communities Act (Public Law 107-110, 20 U.S.C. § 7101 et seq.).  
 "DOE." Department of Energy.  
 "EEOC." Equal Employment Opportunity Commission.  
 "EPA." Environmental Protection Agency.  
 "ESEA." The Elementary and Secondary Education Act of 1965 (Public Law 89-10, 20 U.S.C. § 6301 et seq.).  
 "FEMA." Federal Emergency Management Agency.  
 "FTA." Federal Transit Administration.  
 "HUD." Department of Housing and Urban Development.  
 "ID." Intellectual Disability.  
 "LIHEABG." Low-Income Home Energy Assistance Block Grant.  
 "LSTA." The Library Services and Technology Act (Public Law 104-208, 20 U.S.C. § 9101 et seq.).  
 "MCHSBG." Maternal and Child Health Services Block Grant.  
 "MH SBG." Mental Health Services Block Grant.  
 "PAFE." Pennsylvania Agricultural Food Exposition.  
 "PHHSBG." Preventive Health and Health Services Block Grant.  
 "RSAT." Residential Substance Abuse Treatment.  
 "SABG." Substance Abuse Block Grant.  
 "SCDBG." Small Communities Development Block Grant.  
 "SDA." Service Delivery Area.  
 "SSBG." Social Services Block Grant.  
 "TANF." Temporary Assistance for Needy Families.  
 "TANFBG." Temporary Assistance for Needy Families Block Grant.  
 "TEFAP." Temporary Emergency Food Assistance Program.  
 "WIA." The Workforce Investment Act of 1998 (Public Law 105-220, 112 Stat. 936).  
 "WIC." Women, Infants and Children Program.

#### SUBARTICLE B

#### EXECUTIVE DEPARTMENTS

Section 1711-F. Governor (Reserved).

Section 1712-F. Executive Offices.

(1) Money appropriated to the Pennsylvania Commission on Crime and Delinquency for intermediate punishment treatment programs shall be allocated in the same proportion as funding provided in fiscal year 2011-2012 for intermediate punishment programs and for intermediate punishment drug and alcohol treatment.

(2) From money appropriated to the commission, at least \$85,000 shall be used to support the Statewide Automated Victim Information and Notification System (SAVIN) to provide offender information through county jails.

(3) From money appropriated to the commission, at least \$50,000 shall be used for gang violence prevention initiatives in counties of the third class.

(4) From money appropriated for violence prevention programs, at least \$250,000 shall be used for programs in a city of the first class.

Section 1713-F. Lieutenant Governor (Reserved).

Section 1714-F. Attorney General (Reserved).

Section 1715-F. Auditor General (Reserved).

Section 1716-F. Treasury Department (Reserved).

Section 1717-F. Department of Aging (Reserved).

Section 1718-F. Department of Agriculture.

At least 80% of the funds appropriated for hardwoods research and promotion shall be equally distributed among the hardwood utilization groups of this Commonwealth established prior to the effective date of this section.

Section 1719-F. Department of Community and Economic Development.

The following shall apply to appropriations for the Department of Community and Economic Development:

(1) For fiscal year 2012-2013, money appropriated for the Keystone Communities shall include allocations for the Main Street and Elm Street programs in the same proportion as amounts allocated in fiscal year 2011-2012.

(2) Money appropriated for PennPORTS for fiscal year 2012-2013 shall be allocated as follows:

(i) Six and ninety-seven hundredths percent for PennPORTS operation.

(ii) Eight percent for the Port of Pittsburgh.

(iii) Twenty-three and three hundredths percent for the Port of Erie.

(iv) Sixty-two percent for the operating and administrative expenses of the Philadelphia Regional Port Authority.

(3) Money appropriated for marketing to attract tourists includes an allocation to market a biennial arts and cultural activity which generates regional and Statewide economic impact and allocations to promote annual arts and cultural activities.

(4) From money appropriated for Pennsylvania First, \$800,000 shall be distributed through a pilot program to purchase mobile imaging and cardiovascular hospital equipment.

Section 1720-F. Department of Conservation and Natural Resources (Reserved).

Section 1721-F. Department of Corrections (Reserved).

Section 1722-F. Department of Education.

The following shall apply to appropriations for the Department of Education in the General Appropriation Act:

(1) Notwithstanding section 1905-D of the act of March 10, 1949 (P.L.30, No.14), known as the Public School Code of 1949, funds appropriated for community education councils shall be distributed as follows:

(i) Each community education council which received funding in fiscal year 2011-2012 shall receive an amount equal to the amount it received in that fiscal year and a pro rata share of \$170,000.

(ii) In addition to the funds received under subparagraph (i), a grant in an amount not less than \$100,000 shall be awarded to a community education council located in Potter County.

(iii) No less than \$350,000 shall be awarded to an education consortium serving Cameron, Clarion, Clearfield, Crawford, Elk, Forest, Jefferson, McKean, Potter, Venango and Warren Counties.

(iv) No less than \$50,000 shall be awarded to an education partnership located in Lackawanna County that previously received funding from the department for a postsecondary career training grant and is currently providing community education services which support business education partnerships.

(v) No less than \$50,000 shall be awarded to a community education council located in Wayne County.

(2) From funds appropriated for regional community college services, \$500,000 shall be distributed to a community college in a county of the fourth class with a population, based on the most recent Federal decennial census, of at least 165,000 but not more than 180,000.

(3) From funds appropriated for approved private schools, \$700,000 shall be allocated to a school which has received approval from the department to begin serving students as an approved private school for the 2012-2013 school year.

(4) Notwithstanding 24 Pa.C.S. § 8329(a) (relating to payments on account of social security deductions from appropriations), when calculating payments by the Commonwealth under 24 Pa.C.S. § 8329, the department shall treat the following as covered wages which are not federally funded:

(i) Wages paid out of the ARRA State Stabilization Fund.

(ii) Wages paid out of the ARRA funds appropriated for individuals with disabilities education (Part B - preschool age 3-5).

(iii) Wages paid out of the Education Jobs Fund Grant.

(5) For Federal funds redistributed to the department from the act of August 10, 2010 (Public Law 111-226, 124 Stat. 2389), each district shall receive a pro rata share of the Federal education job funds based on the amount of the allocation it received in accordance with section 1722-L(14). If a district notifies the department that it will refuse its pro rata share of these funds, the department shall include those refused funds in the pro rata distribution among the remaining districts. This shall apply to appropriations made to the department under Part XIX of the General Appropriation Act.

(6) Notwithstanding section 1724-A of the Public School Code of 1949 or 24 Pa.C.S. § 8329, no payments shall be made to charter schools or cyber charter schools authorized under Article XVII-A of the Public School Code of 1949 from funds appropriated for school employee's Social Security.

(7) Notwithstanding any other provision of law, funds from the set-aside under section 2509.8(e) of the Public School Code of 1949 shall be allocated to each approved private school with a day tuition rate determined to be less than \$32,000 during the 2010-2011 school year. The allocation shall be determined as follows:

(i) Subtract:

(A) the approved private school's 2010-2011 school year day tuition rate; from

(B) \$38,072.

(ii) Multiply:

(A) the difference under subparagraph (i); by

(B) the number of approved students enrolled in the approved private school during the 2010-2011 school year.

(8) From funds appropriated for Pennsylvania Charter Schools for the Deaf and Blind, \$750,000 shall be distributed pro rata based on each school's share of required contributions for public school employees' retirement.

(9) Notwithstanding any other provision of law, the department may directly distribute money from funds appropriated in Part XIX of the General Appropriation Act for basic education formula enhancement on behalf of a school district located in a home rule county that was formerly a county of the second class A and which has, as of June 30, 2012, outstanding statutory and accounts payable obligations for the 2011-2012 fiscal year.

Section 1723-F. Department of Environmental Protection.

The following shall apply to appropriations for the Department of Environmental Protection in the General Appropriation Act:

(1) Notwithstanding section 502 of the act of July 9, 2008 (1st Sp.Sess., P.L.1873, No.1), known as the Alternative Energy Investment Act, in fiscal year 2012-2013, no funds shall be appropriated from the General Fund to the department for the Consumer Energy Program. Any appropriation for fiscal year 2012-2013 is revoked.

(2) (Reserved).

Section 1724-F. Department of General Services (Reserved).

Section 1725-F. Department of Health.

(1) Funds appropriated for lupus programs shall be distributed in the same proportion as distributed in fiscal year 2011-2012.

(2) Funds appropriated for biotechnology research include allocations for regenerative medicine research, for hepatitis and viral research, for drug research and clinical trials related to cancer and for genetic and molecular research for disease identification and eradication.

Section 1726-F. Insurance Department (Reserved).

Section 1727-F. Department of Labor and Industry.

The following shall apply to appropriations for the Department of Labor and Industry from the General Appropriation Act:

(1) The appropriation for payment to the Vocational Rehabilitation Fund for work of the State Board of Vocational Rehabilitation includes \$2,153,000 for a Statewide professional service provider association for the blind to provide specialized services and prevention of blindness services and \$431,000 to provide specialized services and prevention of blindness services in cities of the first class.

(2) From funds appropriated to the department for general government operations, \$250,000 shall be used for the purchase of transportation assistance for job retention, job training and job search activities for displaced, unemployed and disabled individuals and families in counties of the second class.

Section 1728-F. Department of Military and Veterans Affairs (Reserved).

Section 1729-F. Department of Public Welfare.

The following shall apply to appropriations for the Department of Public Welfare from the General Appropriation Act:

(1) Authorized transfers for child-care services. The following shall apply:

(i) The department, upon approval of the secretary, may transfer Federal funds appropriated for TANFDBG Child Care Assistance to the CCDFBG Child Care Services appropriation to provide child-care services to additional low-income families if the transfer of funds will not result in a deficit in the appropriation. The secretary shall provide notice ten days prior to a transfer under this subparagraph to the chairman and minority chairman of the Appropriations Committee of the Senate and the chairman and minority chairman of the Appropriations Committee of the House of Representatives.

(ii) The department, upon approval of the secretary, may transfer Federal funds appropriated for CCDFBG Child Care Assistance to the CCDFBG Child Care Services appropriation to provide child-care services to additional low-income families, provided that the transfer of funds will not result in a deficit in the appropriation. The secretary shall provide notice ten days prior to a transfer under this subparagraph to the chairman and minority chairman of the Appropriations Committee of the Senate and the chairman and minority chairman of the Appropriations Committee of the House of Representatives.

(2) Federal and State medical assistance payments. The following shall apply:

(i) For fiscal year 2012-2013, payments to hospitals for Community Access Fund grants shall be distributed under the formulas utilized for these grants in fiscal year 2011-2012. If the total funding available under this subparagraph is less than that available in fiscal year 2011-2012, payments shall be made on a pro rata basis.

(ii) Funds appropriated for medical assistance transportation shall only be utilized as a payment of last resort for transportation for eligible medical assistance recipients.

(iii) Amounts allocated from funds appropriated for medical assistance outpatient services for the Select Plan for Women Preventative Health Services shall be used for women's medical services, including noninvasive contraception supplies.

(iv) Federal or State funds appropriated under the General Appropriation Act in accordance with Article VIII-H of the act of June 13, 1967 (P.L.31, No.21), known as the Public Welfare Code, not used to make payments to hospitals qualifying as Level III trauma centers or seeking accreditation as Level III trauma centers shall

be used to make payments to hospitals qualifying as Levels I and II trauma centers.

(v) Qualifying university-affiliated physician practice plans which received funds for the fiscal year 2011-2012 shall not receive any less than the State appropriation made available to those university-affiliated physician practice plans during fiscal year 2011-2012. From funds appropriated for physician practice plans, \$1,500,000 shall be distributed to a physician practice plan serving a health system located in a city of the first class and a contiguous county of the second class A which did not receive funding during fiscal year 2011-2012.

(vi) Qualifying academic medical centers which received funds for the fiscal year 2011-2012 shall not receive any less than the State appropriation made available to those academic medical centers during fiscal year 2011-2012. From funds appropriated for qualifying academic medical centers:

(A) \$2,000,000 shall be distributed to an academic medical center located in a third class county with a population between 210,000 and 215,000 under the 2010 Federal decennial census;

(B) \$500,000 shall be distributed to an academic medical center located in a third class county with a population between 279,000 and 282,000 under the 2010 Federal decennial census; and

(C) \$500,000 shall be distributed to an academic medical center located in a city of the first class that did not receive funding during fiscal year 2010-2011.

(vii) Notwithstanding any other law, funds appropriated for medical assistance payments-inpatient, exclusive of inpatient services provided through capitation plans, shall include sufficient funds for two separate All Patient Refined Diagnostic Related Group payments for inpatient acute care general hospital stays for:

(A) normal newborn care; and

(B) mothers obstetrical delivery.

(3) Breast cancer screening. The following shall apply:  
(i) Funds appropriated for breast cancer screening may be used for women's medical services, including noninvasive contraception supplies.

(ii) (Reserved).

(4) Women's service programs. The following shall apply:

(i) Funds appropriated for women's service programs grants to nonprofit agencies whose primary function is to promote childbirth and provide alternatives to abortion shall be expended to provide services to women until childbirth and for up to 12 months thereafter, including food, shelter, clothing, health care, counseling, adoption services, parenting classes, assistance for postdelivery stress and other supportive programs and services and for related outreach programs. Agencies may subcontract with other nonprofit entities which operate projects designed specifically to provide all or a portion of these services. Projects receiving funds referred to in this subparagraph shall not promote, refer for or perform abortions or engage in any counseling which is inconsistent with the appropriation referred to in this subparagraph and shall be physically and financially separate from any component of any legal entity engaging in such activities.

(ii) Federal funds appropriated for TANFEBG Alternatives to Abortion shall be utilized solely for services to women whose gross family income is below 185% of the Federal poverty guidelines.

(5) County children and youth programs. The following shall apply:

(i) No more than 50% of funds allocated from the State appropriation for county children and youth programs to each county shall be expended until each county submits to the department data for the prior State fiscal year, and updated quarterly, on the unduplicated caseloads, unduplicated services and number of caseworkers by county program. Data shall be submitted in a form acceptable to the department. A copy of the data shall be sent to the chairman and minority chairman of the Appropriations Committee of the Senate and to the chairman and minority chairman of the Appropriations Committee of the House of Representatives.

(ii) Reimbursement for children and youth services made under section 704.1 of the Public Welfare Code shall not exceed the amount of State funds appropriated. It is the intent of the General Assembly that counties do not experience any adverse fiscal impact due to the department's maximization efforts.

(6) Community-based family centers. No funds appropriated for community-based family centers may be considered as part of the base for calculation of the county child welfare needs-based budget for a fiscal year.

(7) The provisions of 8 U.S.C. §§ 1611 (relating to aliens who are not qualified aliens ineligible for Federal public benefits), 1612 (relating to limited eligibility of qualified aliens for certain Federal programs) and 1642 (relating to verification of eligibility for Federal public benefits) shall apply to payments and providers.

(8) To supplement the funds appropriated to the department for medical assistance for workers with disabilities, in addition to the monthly premium established in section 1503(b)(1) of act of June 26, 2001 (P.L.755, No.77), known as the Tobacco Settlement Act, the department may adjust the percentage of the premium, upon approval of the Centers for Medicare and Medicaid Services as authorized under Federal requirements. Failure to make payments in accordance with this paragraph or section 1503(b)(1) of the Tobacco Settlement Act shall result in the termination of medical assistance coverage.

(9) From funds appropriated for autism intervention and services, \$450,000 shall be distributed to a behavioral health facility located in a fifth class county with a population between 130,000 and 135,000 under the 2010 Federal decennial census that operates a center for autism and developmental disabilities and \$240,000 shall be distributed to an institution of higher education which provides autism education and diagnostic curriculum located in a city of the first class that operates a center for autism in a county of the second class A.

(10) The department shall conduct a study to analyze the impact of the current funding formula and the factors weighted to determine Statewide distribution of funding unmet needs, access to sexual assault victim services and the relationship of the funding to rural, urban and suburban regions of this Commonwealth. The study shall include input from a geographic cross section of the subgrantees operating the rape crisis programs and providing direct services, including programs which serve the majority of sexual assault victims. The department shall, by January 31, 2013, report its findings, including the rationale for the current weighted formula and any recommendations for formula changes, to the chair of the Appropriations Committee of the Senate and the chair of the Appropriations Committee of the House of Representatives. The Pennsylvania Coalition Against Rape shall provide data and otherwise cooperate with the department to conduct the study.

(11) Notwithstanding any other law, for fiscal year 2012-2013, the department may reallocate State funds resulting from any unspent funds allocated to counties for

fiscal year 2011-2012 for mental health and intellectual disability services under the act of October 20, 1966 (3rd Sp.Sess., P.L.96, No.6), known as the Mental Health and Intellectual Disability Act of 1966, to other counties based on criteria determined by the department.

(12) The department shall conduct a study to develop a new county funding formula that provides a more equitable distribution of funds and considers the most recent population data. By January 1, 2013, the department shall submit a report including the new county funding formula, the factors involved in developing the formula, the impact on county allocations and recommendations regarding implementation.

Section 1730-F. Department of Revenue.

The following shall apply to appropriations for the Department of Revenue in the General Appropriation Act:

(1) The Enhanced Revenue Collection Account created under section 1730-L for fiscal years 2010-2011 and 2011-2012 shall continue through fiscal year 2016-2017. Revenues collected and the amount of refunds avoided as a result of expanded tax return reviews and tax collection activities shall be deposited into the account. The following shall apply:

(i) Of the funds in the account, for each of the fiscal years 2012-2013 through fiscal year 2016-2017, up to \$10,000,000 is appropriated to the department to fund the costs associated with increased tax collection enforcement and reduction in tax refund errors. The balance of the funds in the account on June 15, 2012, and each June 15 thereafter shall be transferred to the General Fund or other authorized fund.

(ii) The department shall issue a report to the Governor, the majority chair and the minority chair of the Appropriations Committee of the Senate and the majority chair and minority chair of the Appropriations Committee of the House of Representatives by June 1, 2013, and by each June 1 thereafter, with the following information:

(A) A detailed breakdown of the department's administrative costs in implementing the activities described under this section.

(B) The amount of revenue collected and the amount of refunds avoided as a result of the activities described under this paragraph, including details of the type of tax generating the revenue and avoided refunds.

(2) (Reserved).

Section 1731-F. Department of State (Reserved).  
Section 1732-F. Department of Transportation (Reserved).  
Section 1733-F. Pennsylvania State Police.

The following shall apply to appropriations for the Pennsylvania State Police from the General Appropriation Act:

(1) Payments made to municipalities under 53 Pa.C.S. § 2170 (relating to reimbursement of expenses) shall be limited to money available. If money is not available to make full payments, the Municipal Police Officers' Education and Training Commission shall make payments on a pro rata basis.

(2) Money appropriated for general government operations shall include adequate funding for the recruitment, education and training of a cadet class of not less than 100 individuals.

Section 1734-F. (Reserved).

Section 1735-F. Pennsylvania Emergency Management Agency (Reserved).

Section 1736-F. Pennsylvania Fish and Boat Commission (Reserved).

Section 1737-F. State System of Higher Education (Reserved).

Section 1737.1-F. State-related institutions (Reserved).

Section 1738-F. Pennsylvania Higher Education Assistance Agency (Reserved).

Section 1739-F. Pennsylvania Historical and Museum Commission (Reserved).

Section 1740-F. Pennsylvania Infrastructure Investment Authority (Reserved).

Section 1741-F. Environmental Hearing Board (Reserved).

Section 1742-F. Pennsylvania Board of Probation and Parole (Reserved).

Section 1743-F. (Reserved).

Section 1744-F. (Reserved).

Section 1745-F. (Reserved).

Section 1746-F. (Reserved).

Section 1747-F. (Reserved).

Section 1748-F. Commonwealth Financing Authority.

The Board of the Commonwealth Financing Authority shall use at least \$5,500,000 of interest earned from the investment of unexpended authority bond proceeds to pay the principal and interest due to be paid for authority bonds during fiscal year 2012-2013.

Section 1749-F. Thaddeus Stevens College of Technology (Reserved).

Section 1750-F. Pennsylvania Housing Finance Agency (Reserved).

Section 1751-F. LIHEABG (Reserved).

#### SUBARTICLE C

#### STATE GOVERNMENT SUPPORT AGENCIES

Section 1761-F. Health Care Cost Containment Council.

The Health Care Cost Containment Council shall submit a report to the chairman and minority chairman of the Appropriations Committee of the Senate and the chairman and minority chairman of the Appropriations Committee of the House of Representatives specifying the amount and source of proceeds received from the sale of data by the council. The report shall supplement the annual report of financial expenditures required under section 17.1 of the act of July 8, 1986 (P.L.408, No.89), known as the Health Care Cost Containment Act. The proceeds received from the sale of data may be used for the operations of the council.

Section 1762-F. State Ethics Commission (Reserved).

Section 1763-F. Legislative Reference Bureau (Reserved).

Section 1764-F. Legislative Budget and Finance Committee.

(a) Environmental study.--

(1) The Legislative Budget and Finance Committee, in consultation with the Pennsylvania Infrastructure Investment Authority, shall conduct a study of how the Commonwealth can meet nutrient reduction planning targets contained in any watershed implementation plan.

(2) Contents.--The study shall include:

(i) A review of the cost, the environmental, recreational and public health and safety impact and other benefits realized by the Commonwealth and municipalities from reductions of water quality impairment from nutrients in major watersheds.

(ii) An assessment of the use of competitive bidding for long-term verified nutrient credits rather than sector allocation targets in any watershed implementation plan.

(iii) An analysis of funding options, including use of any available Federal, State or local funds for the purchase of nutrient credits.

(3) Results.--Results of the study shall be presented by December 30, 2012, to all of the following:

(i) The following committees of the Senate:

(A) Agriculture and Rural Affairs.

(B) Environmental Resources and Energy.

(C) Local Government.

(ii) The following committees of the House of Representatives:

(A) Agriculture and Rural Affairs.

(B) Environmental Resources and Energy.

(C) Local Government.

(iii) The Secretary of Agriculture.

(iv) The Secretary of Community and Economic Development.

(v) The Secretary of Environmental Protection.

(b) (Reserved).

Section 1765-F. Legislative Data Processing Committee  
(Reserved).

Section 1766-F. Joint State Government Commission (Reserved).

Section 1767-F. Joint Legislative Air and Water Pollution  
Control and Conservation Committee (Reserved).

Section 1768-F. Legislative Audit Advisory Commission  
(Reserved).

Section 1769-F. Independent Regulatory Review Commission  
(Reserved).

Section 1770-F. Capitol Preservation Committee (Reserved).

Section 1771-F. Pennsylvania Commission on Sentencing  
(Reserved).

Section 1772-F. Center for Rural Pennsylvania (Reserved).

Section 1773-F. Commonwealth Mail Processing Center (Reserved).

Section 1774-F. Transfers (Reserved).

#### SUBARTICLE D

##### JUDICIAL DEPARTMENT

Section 1781-F. Supreme Court (Reserved).

Section 1782-F. Superior Court (Reserved).

Section 1783-F. Commonwealth Court (Reserved).

Section 1784-F. Courts of common pleas.

(1) The sum of \$1,100,000 is appropriated for the operations of the courts of common pleas, including the salaries and expenses of judges. This amount shall be in addition to funds appropriated to the courts of common pleas in the General Appropriation Act.

(2) Funds appropriated for court consolidation grants in counties of the second class may be used by the county for judicial expenses.

Section 1785-F. Community courts; magisterial district judges  
(Reserved).

Section 1786-F. Philadelphia Traffic Court (Reserved).

Section 1787-F. Philadelphia Municipal Court (Reserved).

Section 1788-F. Judicial Conduct Board (Reserved).

Section 1789-F. Court of Judicial Discipline (Reserved).

Section 1790-F. Juror cost reimbursement (Reserved).

Section 1791-F. County court reimbursement (Reserved).

Section 1792-F. Senior judges (Reserved).

Section 1793-F. Transfer of funds by Supreme Court (Reserved).

#### SUBARTICLE E

##### GENERAL ASSEMBLY

(Reserved)

#### ARTICLE XVII-G

2012-2013 RESTRICTIONS ON APPROPRIATIONS  
FOR FUNDS AND ACCOUNTS

Section 1701-G. Applicability.

Except as specifically provided in this article, this article applies to the act of June 30, 2012 (P.L.1740, No.9A), known as the General Appropriation Act of 2012, and all other appropriation acts of 2012.

Section 1702-G. State Lottery Fund.

(1) Funds appropriated for PENNCARE shall not be utilized for administrative costs by the Department of Aging.

(2) (Reserved).

Section 1703-G. Energy Conservation and Assistance Fund  
(Reserved).

Section 1704-G. Judicial Computer System Augmentation Account  
(Reserved).

Section 1704.1-G. Access to Justice Account (Reserved).

Section 1705-G. Emergency Medical Services Operating Fund  
(Reserved).

Section 1706-G. The State Stores Fund (Reserved).

Section 1707-G. Motor License Fund (Reserved).

Section 1708-G. Hazardous Material Response Fund (Reserved).

Section 1709-G. Milk Marketing Fund (Reserved).

Section 1710-G. HOME Investment Trust Fund (Reserved).

Section 1711-G. Tuition Payment Fund (Reserved).

Section 1712-G. Banking Department Fund (Reserved).

Section 1713-G. Firearm Records Check Fund (Reserved).

Section 1714-G. Ben Franklin Technology Development Authority  
Fund (Reserved).

Section 1715-G. Tobacco Settlement Fund.

(a) Deposits.--

(1) Notwithstanding sections 303(b)(2), (3) and (4) and 306 of the act of June 26, 2001 (P.L.755, No.77), known as the Tobacco Settlement Act, the following shall apply:

(i) For fiscal year 2012-2013, the strategic contribution payments received in fiscal year 2011-2012 under the Master Settlement Agreement shall remain in the Tobacco Settlement Fund.

(ii) For fiscal year 2012-2013, the funds appropriated under section 306(b)(1)(i) of the Tobacco Settlement Act shall remain in the Tobacco Settlement Fund.

(iii) For fiscal year 2012-2013, 62.5% of the money appropriated under section 306(b)(1)(iii) of the Tobacco Settlement Act may not be expended, transferred or lapsed but shall remain in the Tobacco Settlement Fund.

(iv) For fiscal year 2012-2013, 30% of the money appropriated under section 306(b)(1)(iv) of the Tobacco

Settlement Act for health-related research under section 906(2) and (3) of the Tobacco Settlement Act may not be expended, transferred or lapsed but shall remain in the Tobacco Settlement Fund.

(v) For fiscal year 2012-2013, 18.2% of the money appropriated under section 306(b)(1)(v) of the Tobacco Settlement Act may not be expended, transferred or lapsed but shall remain in the Tobacco Settlement Fund.

(vi) For fiscal year 2012-2013, 33.3% of the money appropriated under section 306(b)(1)(vi) of the Tobacco Settlement Act may not be expended, transferred or lapsed but shall remain in the Tobacco Settlement Fund.

(2) Money deposited into the fund under paragraph (1) shall be appropriated for health-related purposes. If applicable, the amount appropriated under this paragraph shall be matched by appropriated Federal augmenting funds.

(b) Use of funds.--Funds deposited in the Tobacco Settlement Fund from payments received in April 2012 and April 2013 shall be used to make appropriations under this section and section 306 of the Tobacco Settlement Act.

(c) Allocation.--Funding for local programs under section 708(b) of the Tobacco Settlement Act, shall be allocated as follows:

(1) Thirty percent of grant funding to primary contractors for local programs shall be allocated equally among each of the 67 counties.

(2) The remaining 70% of grant funding to primary contractors for local programs shall be allocated on a per capita basis of each county with a population greater than 60,000. The per capita formula shall be applied only to that portion of the population that is greater than 60,000 for each county.

(3) Budgets shall be developed by each primary contractor to reflect service planning and expenditures in each county. Each primary contractor shall ensure that services are available to residents of each county and must expend the allocated funds on a per-county basis pursuant to paragraphs (1) and (2).

(4) The Department of Health shall compile a detailed annual report of expenditures per county and the specific programs offered in each region. This report shall be made available on the department's publicly available Internet website within 60 days following the close of each fiscal year.

(5) During the third quarter of the fiscal year, funds which have not been spent within a service area may be reallocated to support programming in the same region.

(d) Use of money for lobbying prohibited.--No money derived from an appropriation by the General Assembly from the Tobacco Settlement Fund may be used for the lobbying of a State public official.

(e) Health Venture Investment Account investments.--Notwithstanding Chapter 3 of the Tobacco Settlement Act, all assets, nonliquid investments, contractually obligated money, return on investments and any other money or assets in the Health Venture Investment Account shall be retained in the Health Venture Investment Account for continued investment by the Tobacco Settlement Investment Board in health care, biotechnology or any other health-related businesses which are expected to grow substantially in the future. The requirements for venture capital investments outlined in section 305(f) of the Tobacco Settlement Act shall be maintained.

Section 1716-G. (Reserved).

Section 1717-G. Restricted receipt accounts.

(a) General provisions.--The secretary may create restricted receipt accounts for the purpose of administering Federal grants only for the purposes designated in this section.

(b) Department of Community and Economic Development.--The following restricted receipt accounts may be established for the Department of Community and Economic Development:

- (1) ARC Housing Revolving Loan Program.
- (2) (Reserved).

(c) Department of Conservation and Natural Resources.--The following restricted receipt accounts may be established for the Department of Conservation and Natural Resources:

- (1) Federal Aid to Volunteer Fire Companies.
- (2) Federal Land and Water Conservation Fund Act.
- (3) National Forest Reserve Allotment.
- (4) Federal Land and Water Conservation Fund Act - Conservation and Natural Resources.

(d) Department of Education.--The following restricted receipt accounts may be established for the Department of Education:

- (1) Education of the Disabled - Part C.
- (2) LSTA - Library Grants.
- (3) The Pennsylvania State University Federal Aid.
- (4) Emergency Immigration Education Assistance.
- (5) Education of the Disabled - Part D.
- (6) Homeless Adult Assistance Program.
- (7) Severely Handicapped.
- (8) Medical Assistance Reimbursements to Local Education Agencies.

(e) Department of Environmental Protection.--The following restricted receipt accounts may be established for the Department of Environmental Protection:

- (1) Federal Water Resources Planning Act.
- (2) Flood Control Payments.
- (3) Soil and Water Conservation Act - Inventory of Programs.

(f) Department of Health.--The following restricted receipt accounts may be established for the Department of Health:

- (1) Share Loan Program.
- (2) (Reserved).

(g) Department of Transportation.--The following restricted receipt accounts may be established for the Department of Transportation:

- (1) Capital Assistance Elderly and Handicapped Programs.
- (2) Railroad Rehabilitation and Improvement Assistance.
- (3) Ridesharing/Van Pool Program - Acquisition.

(h) Pennsylvania Emergency Management Agency.--The following restricted receipt accounts may be established for the Pennsylvania Emergency Management Agency:

- (1) Receipts from Federal Government - Disaster Relief - Disaster Relief Assistance to State and Political Subdivisions.
- (2) (Reserved).

(i) Pennsylvania Historical and Museum Commission.--The following restricted receipt accounts may be established for the Pennsylvania Historical and Museum Commission:

- (1) Federal Grant - National Historic Preservation Act.
- (2) (Reserved).

(j) Executive Offices.--The following restricted receipt accounts may be established for the Executive Offices:

- (1) Retired Employees Medicare Part D.
- (2) Justice Assistance.
- (3) Juvenile Accountability Incentive.
- (4) Early Retiree Reinsurance Program.

Section 1718-G. State Gaming Fund (Reserved).

Section 1719-G. Veterans' Trust Fund.

There is established a Veterans' Trust Fund in the State Treasury. Upon the sale of lands, buildings or other real estate used for veterans services or programs under the jurisdiction of the Department of Military and Veterans Affairs, \$1,700,000 shall be transferred from the General Fund and deposited into the Veterans' Trust Fund for veterans' services. The sum of \$700,000 is appropriated to the Department of Military and Veterans Affairs for veterans' service organizations.

Section 1720-G. State Farm Products Show Fund.

From money transferred to the State Farm Products Show Fund, \$2,000,000 shall be distributed to county fairs.

Section 1721-G. Pennsylvania Race Horse Development Fund.

The transfer in the act of June 30, 2012 (P.L.1740, No.9A), known as the General Appropriation Act of 2012, from the Pennsylvania Race Horse Development Fund to the State Farm Products Show Fund shall occur in four equal quarterly payments for the fiscal year 2012-2013.

Section 15. Section 1701-O of the act, added June 30, 2011 (P.L.159, No.26), is amended to read:

Section 1701-O. Audits of Race Horse Development Funds.

The following shall apply:

(1) By December 31, 2011, and each December 31 thereafter, the [Department of Agriculture, in conjunction with the] Office of the Budget[,] shall conduct a financial audit of all funds distributed under 4 Pa.C.S. § [1406(a)] **1406** (relating to distributions from Pennsylvania Race Horse Development Fund) for the prior fiscal year. The audit shall include recommendations for changes relating to the maintenance, use or administration of these funds.

(2) The audits and audited financial statements required under this section [and 4 Pa.C.S. § 1406(e) for fiscal years ending prior to June 30, 2011,] shall be open [for] **to the** public [inspection and provided, within 60 days of the effective date of this section, to the persons listed in paragraph (5)].

(3) The following apply:

(i) [Notwithstanding 4 Pa.C.S. § 1406(e), each] **Each** horsemen's organization shall, within 90 days after the end of the organization's fiscal year, prepare annual financial statements in accordance with generally accepted accounting principles for the horsemen's organization and all of its affiliates.

(ii) The financial statements required under subparagraph (i) shall be prepared beginning in the horsemen's organization fiscal year ending prior to June 30, 2011, and for each fiscal year thereafter.

(iii) The financial statements required under subparagraph (i) shall include additional information as necessary to reconcile the information in the financial statement to the amounts received by the horsemen's organization during the same fiscal year **and as otherwise directed by the Office of the Budget.**

(4) The [department may] **office shall** engage independent certified public accountants **or actuaries** to conduct the audit under paragraph (1) and to audit the annual financial statements and accompanying **additional** information filed

under paragraph (3) for each fiscal year. The [department] **office** shall provide copies of each audit to the persons listed in paragraph (5)(ii), (iii), (iv) and (v).

(5) [The] **Within ten days of completion of the audits under paragraphs (1) and (4), the** horsemen's organization shall provide all financial statements, reports and additional information required under paragraph (3) to all of the following within 90 days of the end of the organization's fiscal year:

(i) The [department] **Department of Agriculture.**

(ii) The chairman and minority chairman of the Community, Economic and Recreational Development Committee of the Senate and the chairman and minority chairman of the Gaming Oversight Committee of the House of Representatives.

(iii) The chairman and minority chairman of the Agriculture and Rural Affairs Committee of the Senate and the chairman and minority chairmen of the Agriculture and Rural Affairs Committee of the House of Representatives.

(iv) The Pennsylvania Gaming Control Board.

(v) The State Horse Racing Commission and the State Harness Racing Commission.

(6) All distributions under 4 Pa.C.S. § 1406 shall be suspended for any horsemen's organization that the [department] **office** certifies is out of compliance with the requirements of this section.

(7) Each horsemen's organization shall cooperate fully with all audits under this section and shall reimburse the [department] **office** for all fees and costs to administer this section.

(8) For the purposes of this section, the term "horsemen's organization" shall have the same meaning as defined under 4 Pa.C.S. § 1103 (relating to definitions). Section 16. The addition of section 1606-E of the act shall apply retroactively to April 16, 2012.

Section 17. Repeals are as follows:

(1) The General Assembly declares the repeal under paragraph (2) is necessary to effectuate the amendment of section 1701-0 of the act.

(2) The provisions of 4 Pa.C.S. § 1406(e) are repealed. Section 18. This act shall take effect immediately.

APPROVED--The 2nd day of July, A.D. 2012.

TOM CORBETT