

No. 2008-53

AN ACT

SB 1297

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," further providing for State Treasury investments; providing for audit of deposited securities; further providing, in unclaimed property, for judicial action; further providing for funding of special funds; establishing the Hazardous Sites Cleanup Fund; further providing for general budget implementation; providing for 2008-2009 budget implementation and for 2008-2009 restrictions on appropriations for funds and accounts; and making a related repeal.

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

Section 1. Section 301.1(i) of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, amended November 9, 2006 (P.L.1335, No.138), is amended to read:

Section 301.1. Investment of Moneys.—* * *

(i) (1) Notwithstanding subsections (a) through (h), the Treasury Department shall have the exclusive management and full power to invest and reinvest the moneys of any fund as shall be accumulated beyond the ordinary needs of the various funds and which are not authorized by law to be invested by any board, commission or State officer, subject, however, to the **[exercise of that degree of judgment and care under the circumstances then prevailing which persons of prudence, discretion and intelligence who are familiar with such matters exercise in the management of their own affairs not in regard to speculation but in regard to the permanent disposition of the funds, considering the**

probable income to be derived therefrom as well as the probable safety of their capital. The Treasury Department shall have the power to hold, purchase, sell, assign, transfer and dispose of any securities, including equity securities and mutual funds consisting in whole or in part of equity securities, and investments in any such fund as well as the proceeds of such investments and of the money belonging to any such fund. The Treasury Department shall, through the Governor, submit to the General Assembly annually, at the same time the Treasury Department submits its budget covering administrative expenses, a report identifying the nature and amount of all existing investments made pursuant to this section.] *prudent investor standard.*

(1.1) When investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds, the Treasury Department shall act as a fiduciary with care, skill, prudence and diligence under the circumstances then prevailing, specifically including, but not limited to, the general economic conditions and the anticipated needs of the funds, that a prudent person acting in a like capacity and with familiarity with those matters would use in the conduct of funds of a like character and with like objectives. The following shall apply:

(i) The primary objective of the Treasury Department shall be to safeguard the principal of the funds. The secondary objective shall be to meet the liquidity needs of the funds. The third objective shall be to achieve a return on the funds.

(ii) The prudent investor standard embraces the duty of loyalty whereby actions must be in accordance with the sole purpose doctrine to accomplish the prudent investor objectives and not in pursuit of other objectives except as otherwise provided by statute.

(iii) The prudent investor standard embraces the duty to monitor the ongoing circumstances of investments for ongoing appropriateness of investments to meet the prudent investor objectives.

(iv) The Treasury Department shall have the power and authority to invest in securities subject to the then prevailing standards that institutional investors employ in the context of investment decisions made with consideration of fiduciary standards.

(v) The Treasury Department shall maintain and publish a list of prohibited investments within its investment policy.

(2) The authority to invest or reinvest the moneys of any fund pursuant to this subsection shall expire [December 31, 2008] *December 31, 2010*. The Treasury Department may maintain investments pursuant to this subsection which are in existence on the expiration date in this paragraph for not more than two years following such expiration date.

Section 2. The act is amended by adding sections to read:

Section 301.2. Investment Policy.—*The State Treasurer shall maintain an investment policy. The investment policy shall include provisions on general investment principles, including asset allocation, liquidity and*

operational cash management requirements, prohibited investment activity, investment performance review and any other item that the State Treasurer may include. The State Treasurer shall review and, if necessary, update the investment policy at least annually. The Treasury Department shall post, maintain and update the investment policy as necessary on its publicly accessible Internet website.

Section 301.3. Annual Investment Report.—By November 30, 2008, and annually thereafter, the State Treasurer shall submit a report to the Governor and to the chair and minority chair of the Appropriations Committee of the Senate, the chair and minority chair of the Finance Committee of the Senate, the chair and minority chair of the Appropriations Committee of the House of Representatives and the chair and minority chair of the Finance Committee of the House of Representatives. The report shall cover the period consisting of the most recently ended fiscal year. The report shall provide for the following:

(1) An analysis of the status and performance of the current investments and transactions made over the last fiscal year.

(2) Targeted asset allocation and actual asset allocation on September 30, December 31, March 31 and June 30 of the previous fiscal year.

(3) The standards and measures of investment performance, including benchmarks for each asset class.

(4) Return for each asset class including a breakdown of the return versus the targeted benchmark calculated net of fees.

(5) A list of external managers, including whether the manager was selected through competitive bid or as a sole source selection, the principals and key staff of the manager, the date of the manager's hire, the amount of fees received by the manager in the previous fiscal year and the return on the manager's portfolio versus his targeted benchmark.

(6) Brokerage fees.

(7) Securities lending information.

(8) Proxy voting information.

(9) Information on securities litigation.

Section 301.4. Segregation of Duties.—(a) A person who provides financial services to the Treasury Department shall not benefit directly or indirectly from the investment actions of the Treasury Department except as provided in the contract for the provision of those services. No person providing financial services shall knowingly do indirectly that which is directly prohibited by this section.

(b) A violation of this section constitutes a misdemeanor of the third degree.

(c) For the purposes of this section, "financial services" shall include, but not be limited to, the providing of investment advice and management of investments.

Section 409. Audit of Securities Deposited with State Treasurer.—(a) The Auditor General, through such agents as he may

select, shall perform an annual audit of the bonds, stocks, mortgages or other securities, which are deposited with the State Treasurer in whatever capacity, and shall audit the books in which a record is kept of such bonds, stocks, mortgages or other securities, and, for this purpose, the Auditor General may employ such consultants, experts, accountants or investigators as he may deem advisable. The audit may be conducted independently or as part of any other annual audit or audits conducted by the Auditor General.

(b) The State Treasurer shall, whenever demand is made upon him by the Auditor General, submit for the audit of the Auditor General, or his agents, all records in his possession relating to such bonds, stocks, mortgages or other securities, including such records in the possession of any custodian or subcustodian engaged by him regarding such securities, and his failure so to do shall disqualify him from holding the office of State Treasurer.

Section 3. Section 1301.21 of the act, amended June 29, 2002 (P.L.614, No.91), is amended to read:

Section 1301.21. Judicial Action upon Determinations.—[Any person aggrieved by a decision of the State Treasurer, or as to whose claim the State Treasurer has failed to act within ninety (90) days after the filing of the claim, may commence an action in the Commonwealth Court to establish his claim. The proceeding shall be brought within thirty (30) days after the decision of the State Treasurer or within one hundred twenty (120) days from the filing of the claim if the State Treasurer fails to act. The action shall be tried de novo without a jury.] *(a) Any person aggrieved by a decision of the State Treasurer may appeal to the Commonwealth Court. The appeal shall be filed within thirty (30) days after the decision of the State Treasurer. The case shall be heard in Commonwealth Court's appellate jurisdiction.*

(b) Any person as to whose claim the State Treasurer has failed to take action within ninety (90) days after the filing of the claim may commence an action in the Commonwealth Court to establish his claim within one hundred twenty (120) days from the filing of the claim. The action shall be tried de novo without a jury.

Section 4. Section 1702-A of the act, amended or added June 29, 2002 (P.L.614, No.91), and July 7, 2005 (P.L.174, No.41), is 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 [subparagraph (ii)] *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.

(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 5. Article XVII-A of the act is amended by adding a subarticle to read:

SUBARTICLE G
HAZARDOUS SITES CLEANUP FUND

Section 1761-A. Establishment of Hazardous Sites Cleanup Fund.

There is hereby established a special fund to be known as the Hazardous Sites Cleanup Fund.

Section 6. Subarticle D of Article XVII-E of the act, added July 17, 2007 (P.L.141, No.42), is repealed:

[**SUBARTICLE D**
JUDICIAL DEPARTMENT

Section 1781-E. Supreme Court (Reserved).

Section 1782-E. Superior Court (Reserved).

Section 1783-E. Commonwealth Court (Reserved).

Section 1784-E. Courts of common pleas (Reserved).

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

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

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

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

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

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

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

Section 1792-E. Senior judges (Reserved).

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

Section 7. Article XVII-E of the act is amended by adding a subarticle to read:

SUBARTICLE D
JUDICIAL DEPARTMENT

Section 1781-E. Supreme Court.

(a) Administrative Office.—Funds appropriated for the Administrative Office of Pennsylvania Courts may be used for the operation of the Pennsylvania Board of Law Examiners. Funds provided to the board shall be repaid in full to the office, without interest or charges, from revenues of the board.

(b) County court administrators.—No funds from any appropriation other than the appropriation for county court administrators for the unified judicial system may be used to supplement payments to county court administrators.

Section 1782-E. Superior Court (Reserved).

Section 1783-E. Commonwealth Court (Reserved).

Section 1784-E. Courts of common pleas.

The following shall apply to appropriations for the courts of common pleas in the General Appropriation Act.

(1) No payment may be made from the appropriation for salaries and expenses of courts of common pleas judges for printing, postage, telephone or supplies.

(2) No payment may be made for expenses of any kind relating to education.

Section 1785-E. Community courts and magisterial district judges.

All of the following shall apply to the appropriation in each General Appropriation Act for salaries and expenses of community court judges and magisterial district judges:

(1) Except for printing costs under 42 Pa.C.S. § 3532 (relating to expenses), no other costs for printing, postage, telephone or supplies may be paid from the appropriation.

(2) No expenses of any kind relating to education may be paid from the appropriation.

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

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

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

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

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

Section 1791-E. County court reimbursement.

County court reimbursements shall be as follows:

(1) Reimbursement to counties for costs incurred in the administration and operation of courts of common pleas shall be paid as follows:

(i) *For each common pleas court judge, filled or vacant, \$70,000 per authorized position.*

(ii) *Judicial districts comprising more than one county shall receive \$70,000 per authorized position. The amount payable to each county shall be determined by the proportion of the county's population in relation to the population of the entire judicial district.*

(iii) *No county shall be reimbursed for costs above the actual direct costs, excluding capital outlays, incurred to operate the courts of common pleas.*

(iv) *No county shall receive less than 77.5% of the actual reimbursement for court costs appropriated in fiscal year 1980-1981.*

(v) *Reimbursement shall be made to the county treasurer and, in cities of the first class coterminous with counties of the first class, to the city treasurer.*

(2) *(Reserved).*

Section 1792-E. Senior judges.

Senior judges of the courts of common pleas shall not be assigned unless adequate funds are appropriated to provide compensation. A senior judge assigned in excess of existing appropriations shall be compensated from the appropriation for the Supreme Court.

Section 1793-E. Transfer of funds by Supreme Court.

The Supreme Court may transfer to the Judicial Department during the fiscal year funds appropriated in Article II of each General Appropriation Act relating to the judicial department among any of the line items contained within those sections except for line items for the Judicial Conduct Board and the Court of Judicial Discipline. In order to avoid a deficit in any line items in those sections, the Supreme Court may also transfer funds deposited into the Judicial Computer System Augmentation Account to any line items in those sections. The Supreme Court may also transfer excess funds appropriated in those sections to the Judicial Computer System Augmentation Account during the last month of each fiscal year. If the Supreme Court makes a transfer under this section, the Supreme Court shall give written notification to the Secretary of the Budget, 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 ten days prior to any transfer. This section shall not apply to the appropriation relating to county court reimbursement of each General Appropriation Act for gun courts.

Section 8. The act is amended by adding articles to read:

**ARTICLE XVII-H
2008-2009 BUDGET IMPLEMENTATION**

**SUBARTICLE A
PRELIMINARY PROVISIONS**

Section 1701-H. Applicability.

Except as specifically provided in this article, this article applies to the General Appropriation Act of 2008 and, as appropriate, all other appropriation acts of 2008.

Section 1702-H. 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 July 4, 2008 (P.L.1735, No.38A), known as the General Appropriation Act of 2008.

“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.

“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.” Drug Free Schools and Communities Act.

“DOE.” Department of Energy.

“EEOC.” Equal Employment Opportunity Commission.

“EPA.” Environmental Protection Agency.

“ESEA.” Elementary and Secondary Education Act.

“FEMA.” Federal Emergency Management Agency.

“FTA.” Federal Transit Administration.

“HUD.” Department of Housing and Urban Development.

“LIHEABG.” Low-Income Home Energy Assistance Block Grant.

“LSTA.” Library Services and Technology Act.

“MCHSBG.” Maternal and Child Health Services Block Grant.

“MHSBG.” Mental Health Services Block Grant.

“MR.” Mental Retardation.

“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.” Workforce Investment Act.

“WIC.” Women, Infants and Children Program.

Section 1703-H. Warrants (Reserved).

SUBARTICLE B
EXECUTIVE DEPARTMENT

Section 1711-H. Governor (Reserved).

Section 1712-H. Executive Offices (Reserved).

Section 1713-H. Lieutenant Governor (Reserved).

Section 1714-H. Attorney General (Reserved).

Section 1715-H. Auditor General (Reserved).

Section 1716-H. Treasury Department.

In making expenditures from the appropriation for general government operations, no more than 50% of the appropriation may be spent prior to January 21, 2009.

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

Section 1718-H. Department of Agriculture (Reserved).

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

(a) Appropriations.—The following shall apply to appropriations for the Department of Community and Economic Development in the General Appropriation Act:

(1) Grants from funds appropriated for community revitalization and assistance shall be awarded only after program guidelines, schedules and application procedures are established by the department and published in the Pennsylvania Bulletin.

(2) Funds appropriated for small business development centers shall be allocated to the small business development centers and the State director's office in the same proportion as allocated for fiscal year 2007-2008.

(b) Biotechnology commercialization.—

(1) There is established within the Tobacco Settlement Fund the Biotechnology Commercialization Account.

(2) Money in the account shall be distributed to centers in equal amounts. The department may approve applications to award money in the account for investments in or grants to centers to support their commercialization activities in accordance with standards for investment set forth in section 305 of the act of June 26, 2001 (P.L.755, No.77), known as the Tobacco Settlement Act. If a center receives an investment or grant under this paragraph, the annual report submitted under section 1703(j)(2) of the Tobacco Settlement Act by the center shall include the following:

(i) A list of activities undertaken by the center in the prior year to enter or develop markets for inventions, patents, products or other intellectual property.

(ii) The amount of money expended by each for-profit or not-for-profit organization in the preceding year on commercialization

supported by the center and the amount of any return of investment received by the center from the expenditures.

(iii) The amount of money each for-profit or not-for-profit organization anticipates spending on a commercialization activity supported by the center in the current year and the anticipated return on investment to the center from the money spent.

(iv) The name of any other organization that has committed funding to commercialization projects of the center and type and amount of the funding.

(v) A list of potential markets for each bioscience product supported by the center and all target populations that may benefit from commercialization of the product.

(vi) Other information deemed appropriate by the department.

(3) Earnings of centers in excess of \$100,000,000 shall be reallocated to the account for use in succeeding years.

(4) The following apply to the Tobacco Settlement Investment Board:

(i) The board shall establish reasonable requirements for the prudent investment of the funds in the account and in the Health Endowment Account for Long-Term Hope.

(ii) Funds received from health venture investment from the Health Venture Investment Account shall be allocated to the Health Endowment Account for Long-Term Hope for alternative investments in succeeding years by the board.

(5) The sum of \$6,000,000 from the Machinery and Equipment Loan Fund is transferred to the account and is appropriated to the department for the purposes set forth in paragraph (2). The sum of \$6,000,000 is transferred from the fund to the Health Venture Investment Account and is appropriated for the purposes set forth under paragraph (4)(ii).

(6) Definitions.—As used in this subsection, the following words and phrases shall have the meanings given to them in this paragraph:

“Account.” The Biotechnology Commercialization Account established in paragraph (1).

“Center.” A regional biotechnology research center established under Chapter 17 of the act of June 26, 2001 (P.L.755, No.77), known as the Tobacco Settlement Act.

“Commercialization.” An activity which assists a for-profit or not-for-profit bioscience organization in the jurisdiction of a center in the testing, production, marketing, licensing or sale of a bioscience product or which leads to testing or enhances access to or creates markets for production, licensing or sale of a bioscience product. The term includes legal and business consulting services and expenses, assessment of the patentability of bioscience products, obtaining patent protection in the United States and internationally and negotiating licensing or

commercialization agreements with licensees and development of new technology transfer programs.

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

Section 1721-H. Department of Corrections.

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

(1) When making expenditures from appropriations for the operation of State correctional institutions, the department shall give consideration to minimum relief factor values calculated when determining staffing levels for corrections officers and food service instructors at each State correctional institution.

(2) (Reserved).

Section 1722-H. Department of Education.

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

(1) Annual payments from institutions of higher learning for defraying the expenses of deaf or blind students shall not exceed \$500 per student.

(2) (Reserved).

Section 1723-H. Department of Environmental Protection.

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

(1) Appropriations include funds for the Water Resources Technical Assistance Center in an amount to be determined by the department in cooperation with the Water Conservation Subcommittee of the Statewide Water Resources Committee.

(2) (Reserved).

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

Section 1725-H. Department of Health.

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

(1) Funds appropriated for lupus programs shall be distributed in the same proportion as distributed in fiscal year 2007-2008.

(2) Funds appropriated for arthritis outreach and education shall be equitably distributed among the central, western and eastern regions of this Commonwealth based on the ratio of population served in each region to the total population served in this Commonwealth.

Section 1726-H. Insurance Department (Reserved).

Section 1727-H. Department of Labor and Industry.

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

(1) The appropriation for payment to the Vocational Rehabilitation Fund for work of the State Board of Vocational Rehabilitation includes \$2,584,000 for a Statewide professional service provider association for

the blind to provide specialized services and prevention of blindness services and \$518,000 to provide specialized services and prevention of blindness services in cities of the first class.

(2) 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 1728-H. Department of Military and Veterans Affairs (Reserved).

Section 1729-H. 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 TANFBG 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 the minority chairman of the Appropriations Committee of the House of Representatives.

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

(i) When making payments for medical assistance outpatient or capitation services, the department shall not require a recipient to obtain a physician referral in order to receive chiropractic services.

(ii) 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.

(iii) For fiscal year 2008-2009, additional Federal and State inpatient funding is included to provide for Community Access Fund payments. Payments to hospitals for Community Access Fund Grants shall be distributed under the formulas utilized for these grants in fiscal year 2007-2008.

(iv) Qualifying State-related academic medical centers shall not receive any less funding than received for the fiscal year 2004-2005 State appropriation level if Federal funding for academic medical centers is not made available to those academic medical centers during fiscal year 2008-2009.

(v) If supplemental Federal funding for physician practice plans is not made available during fiscal year 2008-2009, qualifying universities and affiliated physician practice plans shall not receive any less funding than the amount received for the fiscal year 2007-2008 State appropriation level.

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

(vii) The department shall consider pharmaceutical services a covered benefit for recipients who are eligible for such services and whose care is managed through contracts between the department and managed care contractors. Pharmaceutical benefits shall remain a covered benefit in the contracts between the department and managed care contractors for fiscal years 2007-2008 and 2008-2009. If the department elects to bid a contract for fiscal year 2009-2010 that does not include pharmaceutical services as a covered benefit for recipients whose care is managed through contracts between the department and managed care contractors, the Secretary of Public Welfare shall do all of the following:

(A) By March 30, notify in writing the chair and minority chair of the Appropriations Committee of the Senate, the chair and minority chair of the Appropriations Committee of the House of Representatives, the chair and minority chair of the Public Health and Welfare Committee of the Senate and the chair and minority chair of the Health and Human Services Committee of the House of Representatives.

(B) Additionally bid a contract for fiscal year 2009-2010 that does include pharmaceutical services as a covered benefit for recipients who are eligible for such services and whose care is managed through contracts between the department and managed care contractors.

(C) Conduct any procurement for existing or new zones in a public manner, including publication of any request for proposal on the Department of Public Welfare's publicly accessible Internet website.

(viii) 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.

(ix) Federal or State funds appropriated under the act of March 24, 2004 (P.L.148, No.15), known as the Pennsylvania Trauma Systems Stabilization Act, not used to make payments to hospitals qualifying as Level III trauma centers shall be used to make payments to hospitals qualifying as Level I and II trauma centers.

(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 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) Funds appropriated for women's service programs shall be used for women's medical services, including noninvasive contraception supplies.

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

(5) Behavioral health services. All available intergovernmental transfer funds appropriated to augment appropriations, including prior year carryover funds, shall be spent prior to Commonwealth funds.

(6) 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 the minority chairman of the Appropriations Committee of the House of Representatives.

(ii) Reimbursement for children and youth services made pursuant to section 704.1 of the act of June 13, 1967 (P.L.31, No.21), known as 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.

(7) 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.

Section 1730-H. Department of Revenue.

(a) State Lottery.—Notwithstanding the provisions of section 303(a)(11)(iv) of the act of August 26, 1971 (P.L.351, No.91), known as the State Lottery Law, the Department of Revenue may determine and implement a mix of on-line and instant games to maximize the total dollar amount of net lottery proceeds for the purpose of providing grants or services to eligible persons pursuant to lottery-funded programs in amounts no less than the amounts authorized by the Governor for the fiscal year or as appropriated in the General Appropriation Act for that fiscal year if all of the following are met:

(1) The department shall submit a report to the Governor, the chairman and minority chairman of the Appropriations Committee of the Senate, the chairman and minority chairman of the Appropriations Committee of the House of Representatives, the chairman and minority chairman of the Aging and Youth Committee of the Senate and the chairman and minority chairman of the Aging and Older Adult Services Committee of the House of Representatives by June 1 of each year. The report shall set forth current lottery profits and the State Lottery's plan for increasing future profits. This report shall be posted on the department's publicly accessible Internet website.

(2) The department shall ensure that no less than 27% of total revenue accruing from the sale of lottery tickets or shares is available for program expenditures.

(3) Monthly and annual financial statements shall be handled as follows:

(i) The Office of the Budget, working jointly with the department, shall make available to the General Assembly financial statements as of the last day of each month for the State Lottery Fund. The financial statements shall include the following:

(A) *A balance sheet prepared using the same method of accounting used to present the fund in the Governor's Executive Budget.*

(B) *Comparative monthly balance sheets listing the amounts for the current fiscal year and the amounts for the same month of the prior fiscal year.*

(C) *A monthly statement of revenues, expenditures and changes in fund balance.*

(D) *Comparative statements of revenues, expenditures and changes in fund balance for the fiscal year-to-date and prior fiscal year-to-date.*

(E) *Statements of funds available for the month ended and for the fiscal year-to-date.*

(F) *A modified cash income statement.*

(ii) *Annual financial statements prepared in accordance with generally accepted accounting principles.*

(iii) *The monthly and annual financial statements shall be made available electronically by the Office of the Budget within 20 days after the immediately preceding month or within 90 days of the close of the fiscal year, as applicable.*

(b) *Expiration.—Except for subsection (a)(3), this section shall expire June 30, 2011.*

Section 1731-H. Department of State (Reserved).

Section 1732-H. Department of Transportation (Reserved).

Section 1733-H. Pennsylvania State Police.

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

(1) *During fiscal year 2008-2009, the Pennsylvania State Police may not close a barracks until the Pennsylvania State Police conducts a public hearing and provides 30 days' notice, which shall be published in the Pennsylvania Bulletin and in at least two local newspapers.*

(2) *(Reserved).*

Section 1734-H. State Civil Service Commission (Reserved).

Section 1735-H. Pennsylvania Emergency Management Agency.

The Pennsylvania Emergency Management Agency shall provide semiannual reports of all grants awarded by the Pennsylvania Emergency Management Agency from Federal disaster assistance or relief funds, homeland security and defense funds, avian flu/pandemic preparedness or other public health emergency funds 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. The reports shall include information relating to the entity receiving grant money from the Pennsylvania Emergency Management Agency, including the name and address of the entity, the amount of the grant, the date of issuance and the purpose of the grant.

Reports shall be submitted on or before August 15 of each year for grants awarded during the period from January 1 through June 30 and on or before February 15 of each year for grants awarded during the period from July 1 through December 31.

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

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

Section 1738-H. Pennsylvania Higher Education Assistance Agency.

The following shall apply to appropriations for the Pennsylvania Higher Education Assistance Agency from the General Appropriation Act:

(1) Maximization of funds. The agency shall use funds appropriated for matching payments for student aid funds to maximize the receipt of Federal funds to the fullest extent possible.

(2) Limitation. No college, university or institution receiving a direct appropriation from the Commonwealth shall be eligible to participate in the institutional assistance grants program.

(3) Agricultural loan forgiveness. In distributing funds appropriated for agricultural loan forgiveness, the agency shall give preference to renewal applicants.

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

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

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

Section 1742-H. Pennsylvania Board of Probation and Parole.

The following shall apply to the appropriation for the Pennsylvania Board of Probation and Parole from the General Appropriation Act:

(1) (Reserved).

(2) (Reserved).

Section 1743-H. Pennsylvania Public Television Network Commission (Reserved).

Section 1744-H. Pennsylvania Securities Commission (Reserved).

Section 1745-H. State Tax Equalization Board (Reserved).

Section 1746-H. 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. Proceeds received from the sale shall be deposited in the General Fund and shall not be expended unless appropriated by the General Assembly. 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.

Section 1747-H. State Ethics Commission (Reserved).

Section 1748-H. State Employees' Retirement System (Reserved).

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

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

Section 1751-H. LIHEABG (Reserved).

Section 1752-H. Budget Stabilization Reserve Fund (Reserved).

SUBARTICLE C
LEGISLATIVE DEPARTMENT
(Reserved)

SUBARTICLE D
JUDICIAL DEPARTMENT
(Reserved)

ARTICLE XVII-I
2008-2009 RESTRICTIONS ON APPROPRIATIONS
FOR FUNDS AND ACCOUNTS

Section 1701-I. Applicability.

Except as specifically provided in this article, this article applies to the General Appropriation Act of 2008 and, as appropriate, to all other appropriation acts of 2008.

Section 1702-I. State Lottery Fund.

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

(2) (Reserved).

Section 1703-I. Energy Conservation and Assistance Fund.

No less than 75% of the appropriation for energy conservation programs under the act of July 10, 1986 (P.L.1398, No.122), known as the Energy Conservation and Assistance Act, shall be used for programs listed as priorities in section 7(b) of the Energy Conservation and Assistance Act.

Section 1704-I. Judicial Computer System Augmentation Account.

The Supreme Court and the Court Administrator of Pennsylvania are prohibited from augmenting the amount appropriated to the Judicial Computer System Augmentation Account by billings to other appropriations to the judicial branch for the Statewide Judicial Computer System or for any other purpose.

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

Section 1706-I. State Stores Fund (Reserved).

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

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

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

Section 1710-I. Home Investment Trust Fund (Reserved).

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

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

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

Section 1714-I. Ben Franklin Technology Development Authority Fund.

Funds allocated from the appropriation for the Ben Franklin Centers for fiscal year 2008-2009 shall not be less than the allocation for fiscal year 2007-2008.

Section 1715-I. Tobacco Settlement Fund.

(a) Deposits.—

(1) Notwithstanding sections 303(b)(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 2008-2009, \$15,000,000 of the funds derived under section 303(b)(3) of the Tobacco Settlement Act shall be deposited into the Tobacco Settlement Fund.

(ii) For fiscal year 2008-2009, \$50,000,000 of the funds derived under section 303(b)(4) of the Tobacco Settlement Act shall be deposited into the fund.

(iii) For fiscal year 2008-2009, one-fourth 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 fund.

(iv) For fiscal year 2008-2009, one-third 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 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) 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 will 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 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.*

(c) *Tobacco Settlement Fund.—Notwithstanding section 303(b) of the Tobacco Settlement Act, strategic contribution payments received pursuant to the Tobacco Master Settlement Agreement shall be deposited in the fund and shall be appropriated for health-related purposes. A strategic contribution payment received in fiscal year 2007-2008 shall be transferred from the Endowment Account for Long-Term Hope to the fund and shall be appropriated for health-related purposes. If applicable, the amount appropriated under this subsection shall be matched by appropriated Federal augmenting funds.*

(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 any State public official.*

Section 1716-I. Community Health Reinvestment Restricted Account.

(a) *Establishment.—There is established in the State Treasury a restricted receipts account in the Tobacco Settlement Fund to be known as the Community Health Reinvestment Restricted Account. Interest earned on money in the account shall remain in the account.*

(b) *Agreement on community health reinvestment.—Each calendar year, a corporation under 40 Pa.C.S. Ch. 61 (relating to hospital plan corporations) or 63 (relating to professional health services plan corporations) that is a party to the Agreement on Community Health Reinvestment entered into February 2, 2005, by the Insurance Department and the Capital Blue Cross, Highmark, Inc., Hospital Service Association of Northeastern Pennsylvania and Independence Blue Cross, and published in the Pennsylvania Bulletin at 35 Pa.B. 4155 (July 23, 2005), shall pay to the account the amount calculated for such calendar year in section 4 of the agreement, published at 35 Pa.B. 4156.*

(c) *Appropriation.—The money in the account, including all interest earned, is appropriated to the Insurance Department to be used in accordance with the agreement on community health reinvestment described in subsection (b).*

Section 1717-I. Health Care Provider Retention Account (Reserved).

Section 1718-I. (Reserved).

Section 1719-I. 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 (Public Law 89-665, 80 Stat. 915).*

(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.*

Section 1720-I. State Gaming Fund.

(a) *Deduction of certain appropriations.*—*Notwithstanding the provisions of section 504(c)(1) of the act of June 27, 2006 (1st Sp.Sess., P.L.1873, No.1), known as the Taxpayer Relief Act, unrestricted funds appropriated to the Pennsylvania Gaming Control Board from the State Gaming Fund shall be deducted from the amount transferred to the Property Tax Relief Reserve Fund under section 504(b) of the Taxpayer Relief Act and loaned to the Pennsylvania Gaming Control Board for payment of the board's administrative and operating expenses for the fiscal year commencing July 1, 2008. Funds loaned to the board under this section and section 1720-G shall be repaid from the accounts established under 4 Pa.C.S. § 1401 (relating to slot machine licensee deposits) in accordance with subsection (b).*

(b) *Assessment for repayment.*—*Notwithstanding the provisions of 4 Pa.C.S. § 1901.1 (relating to repayments to State Gaming Fund), the Pennsylvania Gaming Control Board shall assess slot machine licensees for repayment of funds transferred and loaned to the board under subsection (a) and section 1720-G from the State Gaming Fund in accordance with 4 Pa.C.S. § 1402 (relating to gross terminal revenue deductions) for repayment to the Property Tax Relief Reserve Fund at such time as at least 11 slot machine licenses have been issued and 11 licensed gaming entities have commenced the operation of slot machines. The board shall adopt a repayment schedule that assesses to each slot machine licensee costs for the repayment of amounts appropriated under this section in an amount that is proportional to each slot machine licensee's gross terminal revenue.*

(c) *Property tax relief.*—

(1) *Notwithstanding the provisions of section 504 of the Taxpayer Relief Act, until the loan to the Pennsylvania Gaming Control Board under subsection (a) and section 1720-G is repaid, the Secretary of the Budget is authorized to provide for property tax relief under section 503(d) of the Taxpayer Relief Act, regardless of whether the amount deposited in the Property Tax Relief Reserve Fund is less than required by section 504 of the Taxpayer Relief Act.*

(2) *Notwithstanding the provisions of 4 Pa.C.S. § 1901.1, beginning January 1, 2011, if the Secretary of the Budget determines that the moneys in the Property Tax Relief Reserve Fund are needed for property tax relief, the secretary shall notify the Pennsylvania Gaming Control Board, and upon notification, the board shall immediately*

assess each slot machine licensee for the repayment of outstanding loans in an amount that is proportional to each slot machine licensee's gross terminal revenue.

(d) Other appropriations solely from assessment.—

(1) All funds for the operation of the Pennsylvania State Police, Department of Revenue and Attorney General are appropriated solely from an assessment on gross terminal revenue from accounts under 4 Pa.C.S. § 1401 in an amount equal to that appropriated by the General Assembly for fiscal year 2008-2009. The Pennsylvania State Police, Attorney General or Department of Revenue shall not assess any charge, fee, cost of operations or other payment from a licensed gaming entity in excess of amounts appropriated for fiscal year 2008-2009, unless specifically authorized by law.

(2) This subsection shall not apply to any voluntary payment made by a new slot machine licensee in accordance with similar payments voluntarily made by existing licensees.

Section 9. Repeals are as follows:

(1) The General Assembly declares that the repeal under paragraph (2) is necessary to effectuate the addition of section 409 of the act.

(2) The act of May 21, 1923 (P.L.288, No.184), entitled "An act to better secure all bonds, stocks, mortgages, or other securities deposited with the State Treasurer, by providing for their inspection, examination, and verification, and the verification of the books, containing a record of such bonds, stocks, mortgages, or other securities, by the Auditor General or his agents," is repealed.

Section 10. This act shall apply as follows:

(1) The amendment of section 1702-A of the act shall apply retroactively to June 30, 2008.

(2) The addition of Article XVII-A, Subarticle G of the act shall apply retroactively to December 18, 2007.

Section 11. This act shall take effect immediately.

APPROVED—The 4th day of July, A.D. 2008.

EDWARD G. RENDELL