



HOUSE COMMITTEE ON APPROPRIATIONS

FISCAL NOTE

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Summary:

Amends the Fiscal Code (Act 176 of 1929) with substantive language pertaining to appropriations in the General Appropriations Act of 2026 and other provisions implementing the 2026/27 budget.

This legislation, unless otherwise provided, would take effect immediately upon enactment.

Article I-C. Emergency COVID-19 Response

Subarticle M. Pennsylvania Housing Finance Agency

Section 197-C. Extension of use of certain funds

Directs the Pennsylvania Housing Finance Agency (PHFA) to use remaining funds allocated under certain COVID programs¹ to projects that meet certain requirements relating to housing.

No later than September 10, 2026, \$11.78 million previously appropriated to these programs be transferred to the COVID-19 Response Restricted Account to be transferred to the Department of Corrections.

Any remaining funds as of December 11, 2026, shall also be transferred to the COVID-19 Response Restricted Account to be transferred to the Department of Corrections no later than December 18, 2026. All funding appropriated for these programs and obligated, transferred or appropriated in this section must be expended by December 31, 2026.

Fiscal Impact: This subsection will have a fiscal impact to the extent that it will allow the Department of Corrections to utilize at least \$11.78 million of federal funds instead of state funds for payroll or similar expenses as allowed by the America Rescue Plan Act of 2021.

Article I-H.1. Child Care Recruitment and Retention Program

¹ COVID Relief - ARPA - Construction Cost Relief Program, the COVID Relief - ARPA - Development Cost Relief Program and the COVID Relief - ARPA - Affordable Housing Construction Program.

Section 103-H.1. Child Care Staff Recruitment and Retention Program.

Increases the time period after receipt for the Department of Human Services to approve or deny an application from 45 to 60 days. Within 45 days of receipt of payment, the qualified child care provider shall pay a retention bonus of at least \$540 to its qualified staff members.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds as it only directs funding to the extent it is appropriated.

Article II-A. Cigarette Sales and Licensing

Section 202-A. Definitions

Adds the definition for “Related Entity Supplier.”

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds.

Section 204.1-A. Allowable Mode of Operations for Licensed Cigarette Stamping Agent.

Requires a cigarette stamping agent to purchase cigarettes directly from a tobacco product manufacturer or from a related entity supplier that has purchased the cigarettes directly from a tobacco product manufacturer. Additionally, cigarette stamping agents are prohibited from selling unstamped cigarettes to any other cigarette dealers.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds.

Article II-D. Joint Underwriting Association

Section 209-D. Fund transfers.

For 2026/27, \$14.3 million shall be transferred from the Joint Underwriters Association (JUA) to the General Fund.

Fiscal Impact: The available balance to the JUA decreases by \$14.3 million and the General Fund increases by the same amount.

Article III. Food Processing Residuals

Subarticle B. Use of Food Processing Residuals in Normal Farming Operation

Amends the Solid Waste Management Act (Act 97 of 1980) to regulate the use of food processing residuals (FPRs) in farming operations. The Department of Agriculture, the State Conservation Commission, and the Department of Environmental Protection are directed to develop and maintain a manual of best management practices. The State Conservation Commission is required to issue permits and establish regulations for the storage, transport, use, and land application of food processing residuals in conjunction with the Department of Environmental Protection and the Department of Agriculture. This provision allows non-hazardous FPRs to be utilized in farming only if they comply with land application system². Land application systems would be valid for three years and are required to include:

- Standards for storage facilities and operations
- Odor management and identification of nearby odor sensitive locations
- Site preparation, nutrient management, crop rotation, field selection, monitoring, recordkeeping, transportation and performance review
- Compliance with local ordinances and, where applicable, manure management requirements

Additionally, the State Conservation Commission is authorized to impose civil penalties, not to exceed \$500 for the first day of each offense and \$100 for each additional day of a continuing violation, however the Commission may issue a warning in lieu of a penalty.

In order to enforce the provisions of this subarticle, the State Conservation Commission, the Department of Agriculture, and the Department of Environmental Protection have the authority to enter a farming operation at reasonable times to conduct inspections. This provision preempts local governments from adopting more restrictive ordinances.

² A written site-specific plan that incorporates best management practices for the use of food processing residuals in the course of normal farming operations, including storage, processing and land application.

Subarticle C. Commercial Food Processing Residuals Haulers and Brokers

This provision requires the Department of Agriculture, in consultation with the State Conservation Commission, to establish a statewide certification and training program for businesses that transport, broker, store, or apply food processing residual waste in Pennsylvania. Requirements and fees for the program would be established through regulations. Training requirements include:

- Best management practices for transport, storage, and land application
- Odor receptor identification and mitigation
- Land application system forms and recordkeeping
- Food processing residual data sheet procedures

Before transporting or applying food processing residuals, haulers and brokers are required to be certified. Each load carried must possess a complete data sheet for each load which must be maintained for three years. The language provides for administrative penalties of up to \$1,000 for the first day of a violation and \$500 for each additional day. The Department of Agriculture may suspend or revoke a certification and refer unpaid penalties for collection. Appeals may be made to the Secretary of Agriculture, and local governments are preempted from adopting more restrictive ordinances.

Fiscal Impact: The provisions within Article III would have fiscal impact on commonwealth funds. The estimated implementation cost for the Department of Agriculture and the State Conservation Commission is approximately \$500,000 per fiscal year and would be realized within the Nutrient Management Fund. The Department of Environmental Protection would be able to implement the Article utilizing existing resources. Because the number of violations and the penalties imposed are unknown, the fiscal impact is indeterminate.

Article XVI-D.1. Financially Distressed Municipalities

Section 1602-D.1. Financial Recovery

Allows a city of the second class A that previously terminated distressed status may levy, without court approval, the local services tax at a rate which does not exceed \$156 per year if a pension system of the municipality is in minimal distress as defined within the Municipal Pension Plan Funding Standard and Recovery Act.

The amount in excess of \$52 must be used solely to defray the municipality's unfunded actuarial accrued pension liability.

Fiscal Impact: This section would have no impact on Commonwealth funds. It would have an impact on a city of the second class A that meets the stated requirements.

Article XVI-E: Oil and Gas Wells

Subarticle A. Preliminary Provision

Section 1601.2-E. Oil and Gas Lease Fund

Eliminates the Oil and Gas Lease Transfer to Marcellus Legacy Fund for distribution to the Environmental Stewardship Fund for fiscal year 2026/27.³

Fiscal Impact: This section would prevent the transfer of \$1.9 million for fiscal year 2026/27 from the Oil and Gas Lease Fund to the Marcellus Legacy Fund, resulting in savings of \$1.9 million to the Oil and Gas Lease Fund and a cost of \$1.9 million to the Marcellus Legacy Fund.

³ This transfer began in fiscal year 2017/18, and no transfer has occurred since then. See Section 1601.2-3(e)(1).

Section 1609.1-E. Deep Wells and Utica Shale permits

Before drilling a well that will penetrate the Onondaga, a deeper horizon, or a depth of 3,800 feet, whichever is deeper, and is intended to produce primarily from the Utica Shale or a deeper formation, the well operator must obtain a permit from the Department of Environmental Protection. The permit application must include, at a minimum, a plat prepared on a form developed by the department. If no spacing order has been entered and no application is pending, the 330-foot setback from the nearest outside boundary line of the lease does not apply.

Fiscal impact: This provision could have a fiscal impact on commonwealth funds. The fiscal impact would be related to additional revenues from royalty payments. However, the additional revenue received would be a function of the number of wells used, the revenue generated per well, and the royalty payment under the applicable lease. As a result, the fiscal impact is indeterminate.

Section 1611-E. Well Plugging

To comply with plugging requirements, the Department of Environmental Protection shall require the use of a cement plug of at least 50 feet at the attainable bottom of the well and that remaining wellbore be plugged to the surface with a solid column of cement.

For wells plugged at the attainable bottom, operators shall provide within ninety days a post-plugging report to DEP and complete monitoring requirements. The Environmental Quality Board is required to promulgate regulations regarding the plugging process.

Fiscal Impact: This provision would have no fiscal on commonwealth funds.

Article XVI-H-1. Manufacturing and Investment Tax Credit

This section establishes new limits on the amount of manufacturing and investment tax credits that the Department of Community and Economic Development may approve and award, capped at \$12 million in aggregate annually.

Fiscal Impact: This provision would have a negative impact of \$6 million on Commonwealth funds.

Article XVI-H.2 Innovate in PA 2.0 Tax Credit

This section establishes the Innovate in PA 2.0 Tax Credit Program and permits qualified insurance companies to purchase up to \$125 million in insurance premiums tax credits. The proceeds from the sale of the tax credits will be used to provide grants to support life sciences and biotechnology startups, workforce development partnerships, regional venture studios, and programs that leverage federal research and technology funding. Tax credits are limited to \$15 million per year in annual utilization beginning in calendar year 2030, ensures the program does not reduce funding for the Municipal Pension Aid Fund or Fire Insurance Tax Fund, and requires annual public reports on investments, job creation, and program outcomes.

Fiscal Impact: This section will have no impact on Commonwealth funds in fiscal year 2026/27 and 2027/28. The sale and revenue generated from the tax credits in fiscal year 2028/29 will have an indeterminate fiscal impact on the Innovate in PA 2.0 Fund.

Article XVI-Q.3. Design Build Best Value

Allows the Pennsylvania Turnpike Commission (PTC) to use Design Build Best Value (DBBV) procurement for the construction and design of roads and bridges. DBBV would only be used when the Commission has determined that a construction project would benefit from DBBV because of the following factors:

- Project complexity / Potential for Innovation / Unique equipment or specialized systems
- Project risks and or schedule / Estimated project value

As it relates to project procurement per calendar year, an agency must advertise no more than ten (10) one-step DBBV procurements and no more than ten (10) two-step DBBV procurements. After a determination has been issued, the

agency must solicit proposals through a Request for Proposals (RFP). PTC may conduct a one-step or two-step RFP and shall provide Public Notice as provided by the Commonwealth Procurement Code⁴.

The Pennsylvania Turnpike Commission can decide to offer a Stipend, and its amount shall be determined on a project-by-project basis and shall be stated in the request for qualifications or Request for Proposal (RFP).

- In a one-step procurement, the agency may compensate unsuccessful responsible offerors for a portion of the costs associated with preparation of a responsible proposal and for payment of Alternative Technical Concepts (ATC)
- In a two-step procurement, the agency may compensate unsuccessful shortlisted responsible offerors for a portion of the costs associated with preparation of a responsive proposal and for payment of Alternative Technical Concepts (ATC)

Lastly, the Pennsylvania Turnpike Commission is required to list project DBBV information on its publicly available website and prepare a report which would include approved projects and a cost benefit analysis for the utilization of DBBV.

Fiscal Impact: This provision could have a positive impact on commonwealth funds based on potential savings through cost reductions. The fiscal impact is indeterminate based on the cost and number of infrastructure projects. However, it is estimated that project savings could reduce costs by two or more percent.

Article XVI-T. Human Services

Section 1602-T. Medical assistance payment for institutional care

Extends the end date of the Revenue Adjustment Neutrality Factor, referred to as the Budget Adjustment Factor (BAF), by 2 years to expire on June 30, 2028. Requires the BAF applied for nonpublic nursing facility rates to be not less than 0.86 beginning on January 1, 2027.

Fiscal Impact: The BAF is part of the Medical Assistance program's nursing home rate setting process. There is no fiscal impact due to extending the sunset date of this factor for an additional 2 years. Funding for this program would be subject to appropriation.

Section 1603-T. Resident care and related costs

Revises the calculation requirements used by the Department of Human Services to determine whether a nursing home has 70% of its reported total costs in resident care cost and other resident-related costs. Extends the authorization date to enforce penalty provisions until December 31, 2031.

Fiscal Impact: Extending the penalty enforcement period by 5 years would increase funds into the Nursing Facility Quality Improvement Fund. However, the number of penalties assessed for Fiscal Year 2026/27, 2027/28, and 2028/29, so revenue received because of the penalties assessed is indeterminate at this time.

Section 1604-T. LIFE Program

Requires the Department of Human Services and its Independent Enrollment Broker to provide additional education materials regarding Living Independence for the Elderly (LIFE) program to eligible individuals enrolled in the Medical Assistance program.

Fiscal Impact: This provision would have no fiscal on commonwealth funds.

Section 1607-T. Transition to Chip-enabled access cards

Requires the Department of Human Services to transition to chip-enabled access cards for the Supplemental Nutrition Assistance Program no later than January 1, 2028.

Fiscal Impact: The estimated cost increase to transition these access cards to chip enabled technology is \$14 million. The state share of the increased cost is estimated to be \$7 million. See Article XVII-E. Subarticle B. Section 1712-E(f).

⁴ 62 Pa C.S. § 512 (c)

Section 1608-T. Medical Assistance Reentry Program

Authorizes the Department of Human Services to establish a reentry program under the Medical Assistance program for recipients who are incarcerated in a participating correctional institution beginning July 1, 2026.

Fiscal Impact: To the extent that this provision establishes the MA Reentry Program it would have no fiscal impact on commonwealth funds. Funding for this program would be subject to appropriation.

Section 1609-T. Children's Trust Fund

Organizations providing training, technical assistance and other support to court-appointed special advocates are eligible to apply for grants from the Children's Trust Fund.

Fiscal Impact: This provision would have no fiscal impact on commonwealth funds.

Section 1610-T. Medical Assistance Pharmacy Services

A pharmacy benefit manager or pharmacy benefit administrator that has terminated a contract with or disenrolled shall authorize the pharmacy to reapply or be included in the network when 12 months have lapsed since the date of termination or disenrollment and the pharmacy is qualified to participate and is enrolled in the MA program.

A pharmacy that was not terminated because of the listed violations shall be deemed a willing provider and the managed care organization and its pharmacy benefit manager or pharmacy benefit administrator shall contract with the pharmacy if it is willing to comply with the payment rates and adhere to quality standards in accordance with the MA program.

Fiscal Impact: This provision would have no fiscal impact on commonwealth funds.

Article XVI-X Additional Keystone Opportunity Expansion Zones

Subarticle D. Additional keystone opportunity expansion zone for shipbuilding.

Allows the Department of Community and Economic Development (DCED) to designate one additional Keystone Opportunity Expansion Zone (KOEZ) in a city and county of the first class:

- May not exceed 350 acres in the aggregate
- Must be comprised of parcels that are underutilized, deteriorated, or unoccupied
- Must have been formerly used as a naval base or for commercial shipbuilding
- Must not be designated as a KOEZ as of the effective date of this section

In order to receive a KOEZ designation, DCED must receive an application no later than October 1, 2026. DCED shall act on any application received no later than July 31, 2027, with the designation being effect as of August 1, 2027. Qualified businesses within the KOEZ shall be entitled to all tax exemptions, dedications, abatements or credits of the Keystone Opportunity Zone Act for up to 10 years.

Fiscal Impact: This section would have a fiscal impact on Commonwealth funds to the extent that Keystone Opportunity Expansion Zones are designated and the tax incentives authorized under the legislation are utilized. However, the exact impact of these additional designations is indeterminate.

Subarticle E. Additional Zones

Allows the Department of Community and Economic Development (DCED) to designate a Keystone Opportunity Expansion Zone (KOEZ) in a township of the second class that is located in a county of the Second Class A and has a population of at least 60,000 but less than 65,000 based on the 2020 federal decennial census. The KOEZ may not be less than 15 acres in size and may not exceed, in the aggregate, a total of 25 acres.

In order to receive a KOEZ designation, DCED must receive an application from an economic development authority or its designee no later than October 1, 2027. DCED shall act on an application for a KOEZ designation no later than December 31, 2027. Businesses and affiliates of those businesses located within the KOEZ are entitled to all tax exemptions, deductions, abatements or credits of the Keystone Opportunity Zone Act for up to 10 years.

Fiscal Impact: This section would have a fiscal impact on Commonwealth funds to the extent that Keystone Opportunity Expansion Zones are designated and the tax incentives authorized under the legislation are utilized. However, the exact impact of these additional designations is indeterminate.

Article XVI-X.2 Residential Revitalization Keystone Opportunity Zones

Allows the Department of Community and Economic Development (DCED) to designate up to 300 acres for residential revitalization Keystone Opportunity Zones in counties of the third class having a population of at least 130,000 but less than 135,000 based on the 2020 federal decennial census. At least 50 acres must be within cities of the third class in a county of the third class.

An approved residential revitalization zone shall be utilized primarily for residential redevelopment with these conditions:

- An approved residential revitalization zone shall be entitled to all tax exemptions, deductions, abatements or credits under Chapter 5 of the KOZ Act.
- Exemptions for sales and use taxes under section 511(a) of the KOZ Act shall commence upon designation under subsection (a) and shall continue for 10 years
- A person who is a resident of or a business operating within a parcel in an approved residential revitalization zone shall receive the exemptions, deductions, abatements or credits as provided under Chapter 5 of the KOZ Act for the duration of the approved residential revitalization zone.

To receive a residential revitalization Keystone Opportunity Zone designation, an application from an industrial and commercial development authority or a municipality must be received between October 1, 2026, and October 1, 2029. DCED shall approve or disapprove all applications before December 31, 2029.

Fiscal Impact: This section would have a fiscal impact on commonwealth funds to the extent that residential revitalization Keystone Opportunity Zones are designated and the tax incentives authorized under the legislation are utilized. However, the exact impact of these additional designations is indeterminate.

Article XVI-Z.2 Violent Incident Clearance and Technological Investigative Methods

Establishes a program within the Pennsylvania Commission on Crime and Delinquency to provide grants to law enforcement agencies to improve clearance rates of homicides and other violent crimes.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds as it only directs funding to the extent it is appropriated.

Article XVII-A. Special Funds

Subarticle A. Budget Stabilization Reserve Fund

Section 1702-A. Funding

Suspends transfer of any of the 2025/26 General Fund surplus provided by this Section to the Budget Stabilization Reserve Fund, also known as the Rainy Day Fund.

Fiscal Impact: This section would prevent the transfer of \$113.8 million (10% of the 25/26 fiscal year ending balance) from the General Fund to the Budget Stabilization Fund, resulting in savings of \$113.8 million to the General Fund and a cost of \$113.8 million to the Budget Stabilization Fund in the 2026/27 fiscal year.

Subarticle H. Pennsylvania Gaming Economic Development and Tourism Fund

Section 1777-A. Pennsylvania Convention Center

Adds an itemization to the Pennsylvania Gaming Economic Development and Tourism Fund Capital Budget Itemization Act Of 2007 (P.L. 342 No. 53) of \$234.9 million to provide reimbursement from the Gaming Economic Development and Tourism Fund to the Commonwealth, any other body corporate and politic created by law, or a city of the first class that has made debt service payments or operating expense payments for the Pennsylvania Convention Center.

This itemization shall be available until December 31, 2039, and payments to the Commonwealth are to be deposited into the Capital Debt Fund for payment of debt issued.

Fiscal Impact: This section would itemize no more than \$234.9 million in combined annual payments from the Gaming Economic Development and Tourism Fund for debt service payments, capital debt, or operating costs of the Pennsylvania Convention Center.

Article XVII-A.1. Additional Special Funds and Restricted Accounts.

Subarticle A. Veterans' Trust Fund

Section 1702-A.1. Veterans' Trust Fund Board

Establishes the Veterans' Trust Fund Board and provides for its powers and duties. The legislation establishes the membership criteria for the board as well as the term lengths of the members. Members of the board will receive no compensation for their services but are eligible to receive reimbursement for expenses incurred in executing their duties as members of the board.

Fiscal Impact: This section would have a de minimis fiscal impact on Commonwealth funds. Any costs associated with the operation of the Veterans' Trust Fund Board, including travel reimbursements, are expected to be minimal and can be accommodated within the existing fiscal resources of the Department of Military and Veterans Affairs.

Subarticle B. Tobacco Settlement Fund

Section 1712-A.1. Establishment of special fund and account

Transfers cigarette tax revenues to the Tobacco Settlement Fund in the amount equal to the annual debt service for the Tobacco Revenue Bond as certified by the Budget Secretary.

Fiscal Impact: The Budget Secretary is expected to certify \$115.34 million as the annual debt service for the Tobacco Revenue Bonds for fiscal year 2026/27. Therefore, this transfer reflects a \$115.34 million reduction to the General Fund (from cigarette tax revenues) and a \$115.34 million increase for the Tobacco Settlement Fund. This transfer has occurred each fiscal year since 2019/20.

Section 1713-A.1. Use of fund

This provision makes the same distributions from the Tobacco Settlement Fund as fiscal year 2025/26.

- 4.5% for tobacco use prevention and cessation programs
- 12.6% for health and related research, of which:
 - 70% for health research
 - 30% allocated in the following manner:
 - \$1.0 million for spinal cord injury research programs
 - The remaining 75% for pediatric cancer research
 - The remaining 25% for grants for biomedical research institutions
- 1% for cancer research
- 8.18% for the uncompensated care payment program
- 30% for the Medical Assistance for Workers with Disabilities Program
- 43.72% to be separately appropriated for health-related programs

The department shall approve a one-year extension for a research grant awarded under Chapter 9 of the Tobacco Settlement Act.

Fiscal Impact: This section appropriates an estimated \$173 million from the Tobacco Settlement Fund to various programs. Separately, it appropriates \$134.4 million from the Tobacco Settlement Fund for health-related programs.

Subarticle C: Pennsylvania Race Horse Development Fund Section

Section 1723-A.1 Distribution from Race Horse Development Fund

For fiscal year 2026/27, \$16.305 million is authorized to be transferred from the PA Race Horse Development Fund to the State Racing Fund to cover costs of enforcement of equine medication rules testing.

Fiscal Impact: This provision will provide \$16.305 million for enforcement of medication rules in horse racing for fiscal year 2026/27.

Article XVII-A.2: Additional Special Funds and Restricted Accounts

Subarticle E: Service and Infrastructure Improvement Fund

Section 1742-A.2. Deposits

This section deposits \$115.6 million in the Service and Infrastructure Improvement Fund restricted account from the Unemployment Compensation Contribution Fund.

Fiscal Impact: This provision would shift \$115.6 million from the Unemployment Compensation Contribution Fund to the Service and Infrastructure Improvement Fund restricted account. In 2025/26, the amount transferred was \$104.354 million.

Subarticle G. Professional Licensure Augmentation Account

Section 1761-A.2. Department of State

Provides funding through the Professional Licensure Augmentation Account for the licensure of licensed nurse-midwives and certified midwives by the State Board of Medicine. Money appropriated from this Account may not be used to issue licenses or certifications to individuals under Midwife Regulation Law.

Fiscal Impact: This provision would have no fiscal impact on Commonwealth funds.

Article XVII-E General Budget Implementation

Subarticle B. Executive Departments

Section 1712-E. Executive Offices

Provides that any uncommitted money available to the Pennsylvania Commission on Crime and Delinquency under section 902(c)(4) of the Medical Marijuana Act may be transferred to the Crime Victim Services and Compensation Fund.

Fiscal Impact: This provision would have no net fiscal impact on Commonwealth funds.

Subsection (f) Enterprise and Technology Restricted Account.

(1.2) Provides for the ability of the Secretary of the Budget to transfer \$96.838 million, from unexpended, unencumbered, and uncommitted funds appropriated in fiscal year 2025/26 and prior, to the Enterprise and Technology Restricted Account to be utilized:

- \$60 million for Enterprise Systems Lifecycle Project in the Office of the Budget
- \$3.70 million for the Commonwealth Office of Digital Experience in the Office of Administration
- \$10 million for Enhanced Enterprise Cybersecurity projects in the Office of Administration
- \$16.138 million for Space Optimization and Utilization Improvement Project in Department of General Services
- \$7 million for SNAP/EBT chip cards in the Department of Human Services

Fiscal Impact: The combined fiscal impact from the provisions contained within Subsection (f), would reduce the amount of available balances from 2025/26 and prior years within the General Fund in the amount of \$98.838 million.

Section 1718-E. Department of Agriculture

Subsection (a) Appropriations.

Provides for the ability of the Department of Agriculture to utilize previously appropriated available funds within the Agricultural Preparedness and Response account to establish outreach and education programs related to biosecurity plans, emergency response planning and best management practices to combat highly pathogenic avian influenza (HPAI), commonly known as Bird Flu. Specifically, no more than \$2 million shall be allocated to agricultural centers of excellence and no more than \$3 million shall be allocated to a land-grant university in this commonwealth.

Fiscal Impact: This provision would not have a fiscal impact on the commonwealth.

Subsection (c) Agriculture lending.

Provides that loans approved by Pennsylvania Industrial Development Authority for agricultural land, buildings, and machinery/equipment may not exceed the lesser of \$2 million or 50% of the total capital development costs.

Fiscal Impact: This provision would not have fiscal impact on the General Fund.

Section 1721-E. Department of Corrections

Provides that members of the Parole Board who receive compensation from the funds appropriated to the Pennsylvania Parole Board may not hold any other public office nor may they engage in any business, profession or employment during their terms of services as a member unless the member receives prior approval from the Office of General Counsel.

The section also provides that a member of the board may only serve six months beyond the expiration of their appointed term and that the Governor shall nominate a person to fill a vacancy on the Pennsylvania Parole Board not later than six months after the date the vacancy first occurred.

Fiscal Impact: This provision would not have a fiscal impact on the commonwealth.

Section 1727-E. Department of Labor and Industry

Increases from \$10 million to \$11.5 million the amount of license fees collected by the Department of Labor and Industry's Bureau of Occupational and Industrial Safety that the department may retain for its budget each fiscal year beginning in 2026/27.

Fiscal Impact: This provision would reduce General Fund revenues by \$1.5 million and increase by \$1.5 million the license fees augmentation of the appropriation for occupational and industrial safety under the Department of Labor and Industry.

Section 1732-E. Department of Transportation

From money appropriated for traffic signals, requires the Department of Transportation to utilize \$5 million for grants to municipalities for the installation and maintenance of traffic signal technologies.

Fiscal Impact: This provision would have no fiscal impact on the Motor License Fund because it directs funding to the extent appropriated.

Section 1735-E. Pennsylvania Emergency Management Agency

Money appropriated for State disaster assistance prior to 2026/27, and each year thereafter, shall be used to provide disaster recovery assistance for emergencies and declared disasters. This includes registration and disaster case management, assistance to county and municipal governments, and administrative costs for the Pennsylvania Emergency Management Agency (PEMA). PEMA shall develop guidelines to implement these requirements.

Fiscal Impact: This provision will have no fiscal impact on commonwealth funds.

Subsection (4) Assistance to Fire companies and EMS companies.

Increases the dollar amount of loans available to fire and emergency management services (EMS) companies to establish or modernize facilities or to purchase, repair, or rehabilitate equipment, apparatus, and eligible vehicles or ambulances. Beginning January 1, 2027, and continuing each January 1 thereafter, these loan limits shall be increased by the Consumer Price Index for All Urban Consumers (CPI-U) for the Philadelphia-Camden-Wilmington, PA-NJ-DE-MD area for the most recent 12-month period reported by the U.S. Bureau of Labor Statistics.

The repayment periods for loans of \$50,000 or less shall be for a period of not more than 10 years, between \$50,000 and \$300,000 for not more than 20 years, and over \$300,000 not more than 30 years.

Fiscal Impact: This provision has no impact to commonwealth Funds.

Section 1753.2-E. Commonwealth Financing Authority

This section relates to the Public School Facility Improvement Grant Program and the Solar for Schools program.

- Subsection (h) splits the 2026/27 funding:
 - \$100 million for the Public School Facility Improvement Grant Program

- The CFA shall use this money to make awards from applications received from the 2025/26 funding round, provided that there shall be a ten-day window for schools to submit additional projects for consideration
 - \$25 million for Solar for Schools Grants
- Subsection (b.1) makes the following changes to the Solar for Schools program:
 - Adds power purchase agreements and technical assistance as an eligible project cost
 - Expands the definition of school facility (where solar projects can be located) to include support buildings (e.g., bus garages and district offices)
 - Increases the maximum grant award to 75% of the eligible project costs
 - Removes the geographic dispersal of awards requirement after an application period has been open for six months, meaning awards could then be made to eligible applicants on a first-come, first-served basis.

Fiscal Impact: This section shall have no impact on commonwealth funds.

Subarticle E. Restrictions on Appropriations for Funds and Accounts

Section 1798.1-E. Federal and Commonwealth use of forest land

Changes the source of funding for Payment-in-Lieu-of-Taxes (PILOTS) annual charges related to real property owned by commonwealth agencies and updates language related to Consumer Price Index adjustments to reflect the updated source of funding:

Funding Source for Payment-in-Lieu-of-Taxes	2025/26 Per-Acre Rate	2026/27 Per-Acre Rate
Department of Conservation and Natural Resources (DCNR)		
General Fund Appropriation	\$1.20	\$0.00
State Gaming Fund (slot machine revenues)	\$1.80	\$3.00
DCNR Total:	\$3.00	\$3.00
Pennsylvania Fish and Boat Commission (PFBC)		
Fish/Boat Fund	\$1.00	\$0.00
State Gaming Fund (slot machine revenues)	\$2.00	\$3.00
PFBC Total:	\$3.00	\$3.00
Pennsylvania Game Commission (PGC)		
Game Fund	\$1.00	\$3.00
State Gaming Fund (slot machine revenues)	\$2.00	\$0.00
PGC Total:	\$3.00	\$3.00
Note: Section 1798.1-E of the Fiscal Code provides for state payments-in-lieu-of-taxes to counties, school districts, and municipalities for designated state-owned land.		

Fiscal Impact: Implementation of provisions within this section would increase the available balance within the General Fund by \$8.3 million, increase the balance within the Fish Fund by \$500,000, increase the balance within the Boat Fund by \$300,000, reduce the balance within the Game Fund by \$9.4 million, and increase the balance of the State Gaming Fund by \$100,000.

Section 1798.3-E. Multimodal Transportation Fund

Extends the expiration date for the multimodal local match waiver through December 31, 2027.

Fiscal Impact: The waiving of match funds could impact the size of grants awarded from funds dedicated for the PennDOT and Commonwealth Financing Authority's Multimodal Transportation Fund grant programs.

Section 1798.5-E. School Safety and Security Fund

Section 1795.2-E shall not apply to fiscal years 2024-2025, 2025-2026, 2026-2027, 2027-2028, and 2028-2029.

Fiscal Impact: This would suspend the \$15 million transfer from the Judicial Computer System to the School Safety and Security Fund through 2028-2029. This section will have no net fiscal impact on commonwealth funds.

Section 1799-E. State Gaming Fund

Provides for the ability of the General Assembly to appropriate any unexpended, unencumbered or uncommitted funds available in the State Gaming Fund, after the transfer of funds to the Property Tax Relief Fund has occurred.

Fiscal Impact: This provision would have a fiscal impact on commonwealth funds. The provision would decrease the available balance within the State Gaming by \$92.2 million which is the amount appropriated within the General Appropriations Act of 2026.

Subarticle F. Other Agencies

Section 1799.7-E. State Employees' Retirement System

This section was previously titled, State Employees' Retirement System Restricted Account. The Section was renamed to reflect the broader scope. A subsection is added that moves the deadline for the required annual stress tests of the State Employees Retirement System (SERS) from July 1st to October 1st of each year. Correspondingly, the Independent Fiscal Office's (IFO) summary report deadline is moved from September 1st to December 1st of each year.

Fiscal Impact: This section will have no impact on commonwealth funds.

Section 1799.8-E. Public School Employees' Retirement System

This section was previously titled, Public School Employees' Retirement System Restricted Account. The Section was renamed to reflect the broader scope. A subsection is added that moves the deadline for the required annual stress tests of the Public School Employees' Retirement System (PSERS) from January 1st to April 1st of each year. Correspondingly, the Independent Fiscal Office's (IFO) summary report deadline is moved from March 1st to June 1st of each year.

Fiscal Impact: This section will have no impact on commonwealth funds.

Article XVII-N. Retirement.

Section 1703-N. 2026 special ad hoc municipal police and firefighter postretirement adjustment

This section provides a special ad hoc postretirement adjustment for qualifying retired police and firefighters. The postretirement adjustment payments begin with the first payments made after August 1, 2026. The monthly adjustment varies based on the length of retirement as of January 1, 2026.

Years of Retirement	Monthly Adjustment
5-10 years	\$75
10-20 years	\$150
More than 20 years	\$300

This section also establishes the 2026 Special Ad Hoc Postretirement Adjustment Account as a restricted account within the Municipal Pension Aid Fund. Money in the account (see section 1706-N) is appropriated to the Department of the Auditor General on a continuing basis to reimburse municipalities for the annual amortization cost of the increase in unfunded actuarial accrued liability attributable to the special ad hoc postretirement adjustment amortized over a period of 10 years. The Auditor General may use funds in the Municipal Aid Fund to address cash flow issues related to postretirement adjustments for municipalities.

Section 1704-N. Supplemental annuities for public school employees commencing 2026

This section provides for supplemental annuities, also known as cost-of-living adjustments (COLAs), for eligible beneficiaries of the Public School Employees' Retirement System (PSERS) who retired prior to July 2, 2001. These COLAs would commence with the first monthly annuity payment after July 1, 2026, and would amount to increases of between 15 and 24.5 percent of the current annuities of eligible beneficiaries depending on the beneficiary's year of retirement.

The increase in the unfunded actuarial accrued liability attributable to the supplemental annuity shall be funded in equal dollar annual installments over a period of 10 years beginning in fiscal year 2027/28 using money allocated under Section 1706-N. The PSERS Board shall not factor this added liability into the setting and accepting of an annual employer contribution rate.

Section 1705-N. Supplemental annuities for State employees commencing 2026

This section provides for supplemental annuities, also known as cost-of-living adjustments (COLAs), for eligible beneficiaries of the State Employees' Retirement System (SERS) who retired prior to July 2, 2001. These COLAs would commence with the first monthly annuity payment after July 1, 2026, and would amount to increases of between 15 and 24.5 percent of the current annuities of eligible beneficiaries depending on the beneficiary's year of retirement.

The increase in the unfunded actuarial accrued liability attributable to the supplemental annuity shall be funded in equal dollar annual installments over a period of 10 years beginning in fiscal year 2027/28 using money allocated under Section 1706-N. The SERS Board shall not factor this added liability into the setting and accepting of an annual employer contribution rate.

Section 1706-N. Payment of supplemental annuity and special ad hoc postretirement adjustment

This section redirects the portion of revenues from the interactive gaming tax that are deposited into the Commonwealth Financing Authority's Interactive Gaming Act 42 CFA restricted account to be used for grants for projects in the public interest of the commonwealth. Beginning in fiscal year 2027/28 and each fiscal year thereafter, the Department of Revenue shall distribute these funds to provide payment of the supplemental annuity and special ad hoc postretirement adjustment as follows:

- First, the Department of Revenue shall deposit into the 2026 Special Ad Hoc Postretirement Adjustment Account the necessary amount to reimburse municipalities for the annual amortization cost of the increase in unfunded actuarial accrued liability attributable to the special ad hoc postretirement adjustment as certified by the Auditor General.
- Second, the Department of Revenue shall pay to PSERS and SERS the certified amount of the annual installment.
- Third, the Department of Revenue shall deposit the remaining money into the Commonwealth Financing Authority's Interactive Gaming Act 42 CFA restricted account to be used for grants for projects in the public interest of the commonwealth.

Fiscal Impact: The requirements of Article XVII-N would have a negative fiscal impact on the Commonwealth Financing Authority's Interactive Gaming Act 42 CFA restricted account. This restricted account received \$293.7 million in 2025/26 and \$237.7 million in 2024/25, but under this legislation, beginning in fiscal year 2027/28, it will be the third funding priority after payments are made to the 2026 Special Ad Hoc Postretirement Adjustment Account and SERS and PSERS. Based on the estimates outlined below, the Commonwealth Financing Authority's Interactive Gaming Act 42 CFA restricted account's revenues may decrease by \$188.3 million for 10 years beginning in 2027/28.

For fiscal year 2026/27, the requirements of Article XVII-N would also have a negative fiscal impact on municipal pension systems, PSERS, and SERS, as the benefits commence in fiscal year 2026/27 but the reimbursements from the commonwealth start in fiscal year 2027/28. For municipalities, some of this impact may be lessened if the Auditor General uses funds in the Municipal Aid Fund to address cash flow issues. For the next 10 years beginning in fiscal year 2027/28, the transfers from the Department of Revenue will cover the certified costs of the supplemental annuities and special ad hoc postretirement adjustment. Section 35 of this legislation suspends the actuarial note requirement. However, there have been recent actuarial notes completed for similar legislation:

- *In March of 2025, the Independent Fiscal Office (IFO) submitted an actuarial note for House Bill 411, Printer's Number 985, which provided the same benefit increase as this legislation for PSERS and SERS retirees, albeit commencing July 1, 2025. This analysis projected an added annual cost for 10 years of \$45.2 million for SERS and \$100.5 million for PSERS.*
- *In October of 2024, the IFO submitted an actuarial note for House Bill 1379, Printer's Number 1539, which included an analysis of the same special ad hoc postretirement adjustment for retired police and firefighters as this legislation provides, albeit a different commencement date and different latest retirement date. This analysis projected an added annual cost for 10 years of \$42.6 million.*

Article XVIII-B. Electricity Load Forecast Accountability

Subarticle A. Electricity Load Forecasts

Requires PJM, Pennsylvania's Regional Transmission Operator (RTO), to submit load forecasting information to the Public Utility Commission (PUC). PUC, along with the Office of the Consumer Advocate, can request to review contracts and agreements, that affect load forecast assumptions, between interconnected customers and utilities. No later than June 30 of each year, the PUC shall issue a report, submit it to the General Assembly and publish it on its publicly available website.

Fiscal Impact: This provision would have no fiscal impact on commonwealth funds.

Subarticle B Energy and Water Reporting

Requires data centers, with a peak capacity demand of more than 10 megawatts, to submit annual reports to the Department of Environmental Protection (DEP) related to their energy and water usage for the preceding year. The reports required to be submitted no later than July 1, 2027, and each July 1 thereafter. DEP, in consultation with the Public Utility Commission, is required to publish annual reports on the energy and water usage trends. Those reports would be made available on DEP's publicly available website and be provided to the General Assembly. Lastly, this provision imposes a civil penalty of \$10,000 per day if a data center fails to comply. Penalties collected pursuant to this provision would be deposited into the low-income Customer Assistance Program (CAP) for the service territory in which the data center in violation is located.

Fiscal Impact: This provision would have no fiscal impact on commonwealth funds.

Subarticle C. Advanced Transmission Technologies

Requires transmission siting applicants, such as electric distribution companies (EDCs), to evaluate the implementation of Advanced Transmission Technologies (ATTs) when constructing new or updating existing transmission lines, when submitting a siting application to the Public Utility Commission (PUC). Language creates a rebuttable presumption that an electric distribution company (EDC) has considered ATTs on proposed infrastructure if an ATT analysis is conducted. Authorizes the PUC to, as a condition of approving an application, order ATTs to be integrated to help address the need identified in the application, if it's determined to be in the public interest. The Public Utility Commission is also required to adopt regulations related to ATT assessment requirements, no later than one year from the effective date of this provision and provide for methods which applicants can utilize to meet such requirements.

Fiscal Impact: This provision would have no fiscal impact on commonwealth funds.

Article XIX. 2025-2026 Budget Implementation

Subarticle B. Executive Departments

Section 1918. Department of Agriculture

From money appropriated for Fruit Grower Disaster Support no less than \$10 million shall be used to assist fruit growers, who have experienced 30% or greater expected losses, as a result of the April 2026 freeze.

Fiscal Impact: This provision provides supplemental funding included in the General Appropriations Act of 2026 for 2025/26 fiscal year in the amount of \$10 million, which reduces the available balance within the General Fund.

Section 1930. Department of Human Services

Requires the department to pay \$250,000 to a nursing facility located in township of the first class in Montgomery County which remains open and has residents who require medically necessary ventilator care or tracheostomy care equal to or greater than 90% as of August 1, 2022.

Fiscal Impact: This provision directs funding to the extent it is appropriated.

Section 1938. Pennsylvania Higher Education Assistance Agency

From money appropriated for Matching Payments for Student Aid Funds, \$2.5 million shall be used by the Agency for the Nursing Shortage Assistance Program authorized in Article XVIII-B of the Public School Code.

Fiscal Impact: This provision directs funding to the extent it is appropriated.

Article XIX-B: 2026-27 Budget Implementation

Subarticle A. Preliminary Provisions

Fiscal Impact: This section provides for definitions, and to the extent they have a fiscal impact, it is noted in the section where the term is used.

Subarticle B. Executive Departments

Section 1912-B. Executive Offices

- Makes several earmarks from appropriations to the Pennsylvania Commission on Crime and Delinquency.
 - No less than the amount used in fiscal year 2014/15 is required to be used to support the Statewide Automated Victim Information and Notification System (SAVIN); and
 - No less than the amount used in fiscal year 2014/15 is required to be used for a residential treatment community facility for at-risk youth located in a county of the fifth class.
 - \$400,000 shall be used for an innovative police data sharing system, and \$750,000 shall be used for a diversion program for first-time nonviolent offenders.
 - \$3 million is allocated for a pilot program in Philadelphia and Delaware County to hire additional assistant district attorneys designated as Special United States Attorneys as part of Project Safe Neighborhoods to exclusively prosecute certain firearms crimes.
 - \$500,000 will support a statewide child predator unit.
 - \$500,000 will be used for training and equipment for the identification, investigation and prosecution of crimes related to the sexual abuse of children.
 - \$2.0 million shall be distributed to a nonprofit organization to monitor conditions in State and county correctional institutions.
 - \$600,000 shall be distributed to a nonprofit organization to provide transportation to State correctional institutions for families of incarcerated individuals
 - \$1.75 million is allocated for the nonnarcotic medication substance use disorder treatment program. This funding was allocated to the Department of Corrections in prior years in the same amount.
 - \$2.5 million shall be used for the Violent Incident Clearance and Technological Investigative Methods Program.
 - Violence and delinquency prevention programs
 - No less than the amount used in fiscal year 2014/15 shall be used for programs in a city of the second class (Pittsburgh).
 - No less than the amount used in fiscal year 2014/15 shall be used for blueprint mentoring programs addressing youth violence in cities of the first, second, and third class. Programs in cities of the second and third class will also receive a proportional share of \$350,000.
 - Of funds appropriated for Violence Intervention and Prevention, \$11.5 million is designated for grants for out-of-school programming for at-risk school-age youth.
 - County intermediate punishment
 - The bill includes general guidelines for county intermediate punishment funding.
- From money appropriated for grants to the arts, no less than \$1,000,000 shall be used by the Council of the Arts to award grants for multi-year, tiered technical assistance and organizational development services for arts and cultural organizations rooted in and serving historically underserved communities, to strengthen organizational capacity, community engagement, artist development, and long-term sustainability. This funding shall supplement and not supplant funds awarded by the Council for these purposes in fiscal year 2025-2026.

Section 1914-B. Attorney General

- Special Prosecutor for Mass Transit
 - \$1.2 million is included in the Attorney General's appropriation for General Government Operations for costs related to a special prosecutor for mass transit.
- Joint Local-State Firearms Task Force

- Codifies the allocation of the amount appropriated to the Attorney General for the Joint Local-State Firearms Task Force:
 - \$8.4 million shall be distributed between the Attorney General and the Philadelphia district attorney's office
 - No more than 20% shall be allocated to Philadelphia
 - \$3.5 million for costs associated with the Philadelphia task force
 - \$1.5 million for establishing and operating a task force in Pittsburgh
 - \$889,692 to the Attorney General for operating and property costs related to the Joint Task Force
- Use of restricted accounts by the Attorney General
 - The Criminal Enforcement Restricted Account established under section 1713- A.1
 - The Collection Administration Account established under section 922.1 of the Administrative Code of 1922
 - The restricted account established under section 1795.1-E(c)(3)(iii)
 - The Straw Purchase Prevention Education Fund established under 18 Pa.C.S. § 6186
 - The restricted account established under section 4 of the Telemarketer Registration Act
 - The restricted account known as the Public Protection Law Enforcement Restricted Account
 - The restricted account under 42 Pa.C.S. § 5803 (relating to asset forfeiture)
- From money appropriated for General Government Operations, no less than \$35,000 shall be utilized to develop and implement regional first response and investigative training programs for law enforcement officers who respond to incidents involving online child exploitation, child sexual abuse material generated by artificial intelligence, sextortion, unlawful dissemination of intimate images, or other related Internet-facilitated crimes against children.

Section 1918-B. Department of Agriculture

- From money appropriated for General Government Operations, no less than \$250,000 shall be used for the commission of Agricultural Education Excellence to assist in the development and implementation of agricultural education programing.
- From money appropriated for Agricultural Preparedness and Response, no less than \$6 million shall be used for costs incurred by PA Animal Diagnostic Laboratory system in combatting avian flu.
- From money appropriated for Agricultural Excellence, no less than \$1.4 million shall be utilized for beef excellence programs and initiatives.
- Directs that from money appropriated for the Farmers Market Food Coupons:
 - \$5 million, shall be used to reduce food waste and improve access
 - \$2 million, shall be used for administration and program costs by an organization who has been a recipient of Gus Schumacher nutrition incentive program grants for the purchase of fruits and vegetables
- From money appropriated for Agricultural Research:
 - No less than \$300,000 shall be used for an agricultural research center
 - No less than \$100,000 shall be used for agricultural law research in conjunction with land-grant university
- From money appropriated for Hardwoods Research and Promotion, at least 80 percent will be equally distributed among hardwood utilization groups.

Section 1919-B. Department of Community and Economic Development

- From money appropriated for General Government Operations, no less than \$1.9 million shall be used to support manufacturing technology development, to assist small businesses with cyber security, and to test coal ash refuse extraction of rare earth metals for domestic chip manufacturing in a county of the fourth class with a population of at least 130,000 but not more than 135,000.
- From money appropriated for Marketing to Attract Tourists:
 - Funds shall include additional allocations for a series of arts and cultural activities

- o \$1 million for an annual statewide competition for athletes with intellectual disabilities to be held in a county of the fourth class
- From money appropriated for Pennsylvania First, no less than \$8 million to fund the Workforce and Economic Development Network of Pennsylvania (WEDnetPA).
- From money appropriated for Keystone Communities, money shall be used for projects supporting economic growth, community development, and municipal assistance.
- From money appropriated for Main Street Matters, funds shall be used to support revitalization and community building efforts. Funds may also be used to support the operations of Main Street Programs or Elm Street Programs.
- Allows the Commonwealth to use up to 3% of money from the Community Development Block Grant Entitlement Program for Nonurban Counties and Certain Other Municipalities for administrative costs.
- Allows money appropriated for local municipal relief to provide state assistance to individuals, persons, or political subdivisions impacted by natural or manmade disasters, public safety emergencies, or other situations that pose a public safety danger.
- Allows money appropriated for hospital and health system emergency relief to provide state assistance to hospitals and health care systems that experience unexpected financial impact situations and to provide funding for research to study rural health and alternative payment methods for rural health.
- Allows money appropriated for community and economic assistance to include an allocation to provide state assistance for community and economic development, including projects in the public interest.
- Allows money appropriated for workforce development to be distributed in the same proportion as in fiscal year 2022/23.
- From funds appropriated for biotechnology research, allocations will be made toward regenerative medicine research, regenerative medicine medical technology, hepatitis and viral research, drug research and clinical trials related to cancer, genetic and molecular research for disease identification and eradication, vaccine immune response diagnostics, nanotechnology, and commercialization of applied research.

Section 1920-B. Department of Conservation and Natural Resources

- Directs money appropriated for Parks, Forests, and Recreation Projects to be used for grants.

Section 1923-B. Department of Education

- From money appropriated for Pre-K Counts, the per-student grant award amount shall be increased by 1.16% over the amount paid in fiscal year 2025/26.
- From an appropriation for adult and family literacy programs, summer reading programs, and the adult high school diplomas program:
 - Lehigh Carbon Community College's SHINE after school program shall receive no less than the amount allocated in fiscal year 2014/15
 - Wilkes University's SHINE after school program shall receive no less than the amount allocated in fiscal year 2016/17.
 - \$1.05 million shall be used to administer a program to subsidize the cost of high school equivalency testing
- Redirection of the pupil transportation appropriation is prohibited.
- For money appropriated for Pennsylvania Chartered Schools for Deaf and Blind Children:
 - o The balance of the appropriation after all tuition payments have been made shall be distributed pro rata for PSERS costs.
 - o \$1.0 million will be divided equally between the four schools for capital-related and deferred maintenance costs.
- An Approved Private School with a day tuition less than \$32,000 during the 2010/11 school year will receive a payment from the Special Education Contingency Fund in an amount no less than 175% of the amount allocated in fiscal year 2015/16.
- Each entity that received funding for regional community college services in 2022/23 will receive the same amount in fiscal year 2026/27.

- Each community education council that received funding in 2022/23 will receive the same amount in fiscal year 2026/27.
- Money appropriated for parent pathways must be used to expand the Parent Pathways Learning Network Pilot Program, which supports parenting students who pursue a postsecondary degree or certificate completion. PDE must provide financial and technical assistance to institutions to help remove barriers to a postsecondary degree or certificate completion and increase access to family-sustaining wages.
- Money appropriated for job training and education programs shall be used for grants for job training, dual enrollment, or educational programs.
- Money appropriated for mobile science, mathematics, and literacy education programs must be used for grants to support such programs.

Section 1925-B. Department of General Services

- Requires money appropriated for capitol fire protection must be used by the City of Harrisburg to support the provisions of fire services to the Capitol complex.
- It provides for the ability of the Secretary of the Budget to allocate funds from the rental, relocation, and municipal charges appropriation to agencies which have relocated or have changed the amount of space they utilize, to pay for rent or lease costs of those agencies.

Section 1926-B. Department of Health

- Directs that funds appropriated for general government operations must include funds to coordinate donated dental services.
- From funds appropriated for primary health care practitioners:
 - No less than \$3.451 million shall be used for Primary Care Loan Repayment Grants Awards.
 - No less than \$1.5 million shall be used for the Pennsylvania Academy of Family Physicians Family Medicine Residency Expansion Program.
 - No less than \$1.3 million shall be used for the Pennsylvania Academy of Family Physicians Family Medicine Physician Recruitment and Retention Programs.
 - All other grantees that received funding in fiscal year 2022/23 must be held harmless compared to fiscal year 2022/23 funding levels.
- Funds appropriated for services for children with special needs shall be distributed to grantees in the same proportion as in fiscal year 2019/20.
- From funds appropriated for adult cystic fibrosis and other chronic respiratory illnesses:
 - No less than \$212,000 will be used for a cystic fibrosis program in Allegheny County.
 - No less than \$106,000 will be used for childhood cystic fibrosis research in Philadelphia.
 - All other funds will be distributed to grantees in the same proportion as in fiscal year 2019/20.
- Funds appropriated for diagnosis and treatment for Cooley's anemia will be distributed in the same proportions as in fiscal year 2019/20.
- Funds appropriated for hemophilia services will be distributed to grantees in the same proportions as in fiscal year 2019/20.
- Funds appropriated for lupus programs will be distributed proportionately as in fiscal year 2018/19.
- From funds appropriated for sickle cell anemia services:
 - \$75,000 will be distributed to an academic medical center in Dauphin County.
 - All other funds will be distributed in the same proportions as in fiscal year 2019/20.
- From funds appropriated for Lyme disease, \$1.2 million will go toward costs related to free tick testing and \$1 million for tick mitigation, both of which are performed in conjunction with a university that is part of the State System of Higher Education.
- Money appropriated for Amyotrophic Lateral Sclerosis Support Services will be distributed, as follows:
 - 69.8% to an organization that provides specialized care services in 36 counties, and
 - 30.2% to an organization that provides specialized care services in 31 counties.
- Funds appropriated for neurodegenerative disease research shall be used for grants to academic clinical medical centers conducting neurodegenerative disease research.

Section 1928-B. Department of Labor and Industry

- From money appropriated for Industry Partnerships, an amount is set aside for a workforce development program that links veterans with employment in a home rule county that is a county of the second class A (Delaware).

Section 1930-B. Department of Human Services

- \$580,000 from funds appropriated for Mental Health Services shall be used for the operation and maintenance of a network of web portals that provide support and prevention for individuals with mental health or substance abuse conditions and for the expansion of existing web portals that identify services and resources for military veterans and their families.
- From money appropriated for county mental health services, \$20 million will be used for county mental health services and distributed as follows:
 - 20% based on the percentage of a county's population.
 - 40% based on the percentage of a county's population whose income is greater than 125% but not greater than 200% of the federal poverty level.
 - 40% based on the percentage of a county's uninsured population.
 - Money received under this distribution is not included in the calculation of the county's Human Services Block Grant Program.
 - This provision would not apply to behavioral health appropriations.
- Grantees who operated a PA Workwear program in the prior fiscal year and remain in operation shall be offered a grant for fiscal year 2026/27.
- From funds appropriated for MA – Capitation:
 - At least the same amount that was used in fiscal year 2014/15 will be used for the prevention and treatment of depression and its complications in older individuals in Allegheny County.
- From funds appropriated for MA – Fee-for-Service:
 - Payments to hospitals for the Community Access Fund grants shall be made using the formula utilized during fiscal year 2014/15.
 - Funds allocated to the Select Plan for Women's preventative health services shall be used for women's medical services including noninvasive contraception supplies.
 - Sufficient funds are included to pay separate payments to inpatient acute care hospitals for normal newborn care and the mother's delivery.
 - No less than \$405,000 shall be used for Cleft Palate and other Craniofacial Anomalies.
 - No less than \$1.6 million shall be distributed to a hospital for clinical ophthalmological services located in the City of Philadelphia.
 - \$5 million distributed to hospitals in Delaware County impacted by a hospital closure in that county.
 - 60% shall be distributed to a hospital in a township of the second class in Delaware County
 - 40% shall be distributed to a hospital located in contiguous boroughs in the same county as the closed hospital.
 - No less than \$2 million shall be distributed to a university located in the City of Philadelphia to research the impact of trauma-informed programs on community violence prevention and health disparities.
 - No less than \$3 million shall be distributed to an enrolled outpatient services provider located in the City of Pittsburgh in Allegheny County that provides behavioral health and medical rehabilitation pediatric outpatient services.
 - No less than \$2 million to a hospital in the City of Greensburg in Westmoreland County.
 - \$10 million for one-time payments to rural hospitals.
 - \$2 million to a hospital located in the City of Allentown in Lehigh County that has a burn center and is accredited by the Pennsylvania Trauma System Foundation as an adult and pediatric trauma center.
 - \$2 million to a hospital located in the City of Allentown in Lehigh County as of 2023/24 that operates campuses under the same license with hospitals in a county of the sixth class.
 - \$1 million to a hospital in Delaware county impacted by hospital closure.

- \$500,000 to a nonpublic inpatient behavioral health facility located in Luzerne County.
- \$285,000 to a federally qualified health center located in the City of Philadelphia that served between 7,800 and 7,850 patients in 2024, as reported by the Health Resources and Services Administration.
- \$285,000 to a federally qualified health center look-a-like located in the City of Philadelphia that served between 8,900 and 8,950 patients in 2024, as reported by the Health Resources and Services Administration.
- \$430,000 to a hospital located in the City of Philadelphia that has between 460 and 475 patient beds to provide services in Delaware County.
- \$3.275 million to hospital in the City of Scranton Lackawanna County that has between 175 and 200 patient beds
- \$836,000 to increase fee-for-service certain home health nursing rates
- \$900,000 for the MA Reentry program.
- \$600,000 to an inpatient psychiatric hospital having 70 to 75 beds located in a township of the first class in Montgomery County.
- To supplement the money appropriated to medical assistance for workers with disabilities:
 - The department may adjust the premium amount paid by individuals enrolled in the Medical Assistance for Workers with Disabilities program upon federal approval.
- Qualifying Physician Practice Plans that received money for fiscal year 2017/18 shall not receive less than the same amount that was appropriated during that fiscal year.
- Funds appropriated for Trauma Centers that are not used to pay hospitals with Level III Trauma Centers shall be used to make payments to hospitals with Level I and Level II Trauma Centers.
- Qualifying Academic Medical Centers that received money for fiscal year 2017/18 shall receive the same amount that was appropriated during that fiscal year.
- Funds appropriated to Medical Assistance Transportation shall be used as payment of last resort.
- From funds appropriated for Medical Assistance Long-Term Living:
 - No less than the amount distributed in fiscal year 2014/15 shall be distributed to county nursing homes located in Delaware County, with more than 725 beds and a Medicaid acuity at 0.79 as of August 1, 2015.
 - No less than the amount used in fiscal year 2020/21 shall be distributed to a nonpublic nursing home located in Philadelphia County with more than 395 beds and a Medicaid acuity at 1.06 as of August 1, 2022.
 - An additional \$500,000 shall be paid in equal payments to nursing facilities, which remain open as of the effective date of this legislation, that qualified for supplemental ventilator care and tracheostomy care payment in fiscal year 2014/15 with a percentage of Medical Assistance recipient residents who required medically necessary ventilator care or tracheostomy care greater than 90%. To receive a payment, the provider shall have been enrolled in the MA program as of 2024/15 and be in operation on the date of issuance of the payment.
 - \$250,000 paid to a nursing facility located in township of the first class in Montgomery County which remains open and has residents who require medically necessary ventilator care or tracheostomy care equal to or greater than 90% as of August 1, 2022.
 - An additional \$250,000 paid to the nursing facility located in the City of Philadelphia which commenced operations after December 31, 2017, and remains open and has residents who require medically necessary ventilator care or tracheostomy care equal to or greater than 90% as of August 1, 2022.
 - \$21 million is allocated for Medical Assistance Day-One Incentive Payments to qualified nonpublic nursing facilities.
 - \$1.5 million will be distributed to a nursing home located in Delaware County with more than 126 beds and a Medicaid Acuity at 0.89 as of February 1, 2023.
 - \$1.5 million will be distributed to a nonprofit skilled nursing home located in the City of Scranton in Lackawanna County with a Medicaid acuity of 1.11 as of February 1, 2023.

- \$1 million shall be distributed to nonpublic skilled nursing home located in a Westmoreland County with fewer than 50 beds and a Medicaid acuity at 1.03 as of April 1, 2025.
- From funds appropriated for Medical Assistance Long-Term Care Managed Care, \$3.5 million is included to provide for a 3.9% rate increase for LIFE Program providers beginning January 1, 2027.
- From funds appropriated for Autism Intervention and Services:
 - \$600,000 shall be allocated to behavioral health facility located in Lebanon County and shall be distributed to a health system that operates a general acute care hospital and a behavioral health facility that has a center for autism and developmental disabilities located in Lebanon County.
 - \$300,000 shall be allocated to an institution of higher education that provides autism education and diagnostic curriculum located in the City of Philadelphia, that operates a center for autism in Montgomery County.
 - \$300,000 shall be allocated to an institution of higher education that provides autism education and diagnostic curriculum and located in Allegheny County.
 - No less than the amount distributed in the fiscal year 2014/15 shall be allocated for programs that promote the health and fitness of individuals with developmental disabilities located in the City of Philadelphia.
 - \$600,000 shall be allocated for an entity that provides alternative educational services to individuals with autism and developmental disabilities in Lancaster County.
- Funds appropriated for breast cancer screening may be used for women's medical services, including noninvasive contraception supplies.
- From funds appropriated for 211 communications, \$750,000 shall be allocated for the statewide 211 System Grant Program.
- From funds appropriated for services for the visually impaired:
 - \$4.084 million is allocated to a statewide professional services provider association for the blind.
 - \$818,000 is allocated to provide specialized services and prevention of blindness services in the City of Philadelphia.
 - \$250,000 is allocated to provide vision rehabilitation services to Pennsylvania residents who are blind or visually impaired in Allegheny County.
- The provisions of federal law regarding individuals that are ineligible for federal programs shall apply to payments and providers.
- The department must not add non-medically necessary services to the MA program that would result in the need for a supplemental appropriation without the approval of the General Assembly.
- The Secretary of Human Services will report on a quarterly basis in-person to the chairperson and minority chairperson of the Appropriations Committee of the Senate and the House of Representatives.

Section 1933-B. Department of Transportation

Beginning in 2026/27 requires the Secretary of Transportation or secretary's designee to appear on quarterly basis before the chairperson and minority chairperson of the Appropriations Committees of the Senate and the House of Representatives to present reports on the status of funds within the Public Transportation Trust Fund and the Motor License Fund.

Section 1935-B. Pennsylvania Emergency Management Agency

- Money appropriated for search and rescue programs shall be used to support programs related to training working service dogs focusing on rescue and public safety.
- Money appropriated for the State Fire Commissioner includes funding for a Statewide recruitment and retention coordinator and regional technical advisors to develop, implement, and deliver recruitment and retention training programs and provide technical assistance to local fire organizations and local governments.
- \$6 million to support a Type 3 urban search and rescue task force in Allegheny County.
- For 2026/27, the agency may use up to \$1 million of unencumbered, unexpended funds previously appropriated for State Disaster Assistance to supplement disaster preparedness and emergency management activities.

Section 1938-B. Pennsylvania Higher Education Assistance Agency

- Requires PHEAA to allocate \$500,000 from the Higher Education Assistance Fund for the Cheyney University Keystone Academy.
- Allocates \$1 million to Mansfield University for merit scholarships.
- Allows money appropriated for Pennsylvania Internship Program grant to be used for internship and seminar programs.
- From money appropriated for matching payments for student aid, \$2.5 million shall be used by the Agency for the Nursing Shortage Assistance Program authorized in Article XVIII-B of the Public School Code.
- From money appropriated for matching payments for student aid, \$3 million shall be allocated to an institution of higher education to aid students enrolled in an accredited college of optometry located within this commonwealth.

Section 1939-B. Thaddeus Stevens College of Technology

- Imposes reporting requirements on the president of the college regarding how the funds will be used to expand student enrollment.

Fiscal Impact: Article XIX-B will have no fiscal impact on commonwealth funds as it only directs funding to the extent it is appropriated.

Article XIX-C: 2026-27 Restrictions on Appropriations for Funds and Accounts

Section 1903-C. State Lottery Fund

- Requires that money appropriated for PENNCARE may not be used by the Department of Aging for administrative costs.
- Sufficient money has been appropriated for the operation of the Alzheimer's, Dementia, and Other Related Disorders Office.

Section 1931-C. Pennsylvania Preferred® Trademark Licensing Fund

Provides for the allocation of grants from money deposited into the Pennsylvania Preferred® Trademark Licensing Fund.

Section 1932-C. Agricultural Conservation Easement Purchase Fund

Provides that the Department of Agriculture may use up to \$165,000 from funds in the Agricultural Conservation Easement Purchase Fund to make grants of up to \$5,000 for planning succession, to ensure that agricultural operations continue on land subject to agricultural conservation easements.

Section 1932.2-C. State Gaming Fund

- Directs money appropriated for the Animal Health and Diagnostic Commission, within the Department of Agriculture, shall be equally distributed to the animal diagnostic laboratory system labs.
- Additionally, language directs money appropriated for Marketing to Attract Tourism to be utilized by the Department of Community and Economic Development for tourism marketing efforts.

Section 1933-C. Restricted receipt accounts

Allows the Budget Secretary to create restricted receipt accounts for the purpose of administering federal grants. Restricted receipt accounts are established as follows:

- Department of Community and Economic Development
 - ARC Housing Revolving Loan Program
 - Brownfields Revolving Loan Fund
- Department of Conservation and Natural Resources:
 - Federal Aid to Volunteer fire companies
 - Land and Water Conservation Fund Act of 1965
 - National Forest Reserve Allotment
- Department of Education:
 - Education of the Disabled – Part C
 - LSTA – Library Grants

- The Pennsylvania State University Federal Aid
 - Emergency Immigration Education Assistance
 - Education of the Disabled – Part D
 - Homeless Adult Assistance Program
 - Severely Handicapped
 - Medical Assistance Reimbursements to Local Education Agencies
- Department of Environmental Protection:
 - Federal Water Resources Planning Act
 - Flood Control Payments
 - Soil and Water Conservation Act – Inventory Programs
- Department of Drug and Alcohol Programs:
 - Share Loan Program
- Department of Transportation:
 - Capital Assistance Elderly and Handicapped Programs
 - Railroad Rehabilitation and Improvement Assistance
 - Ridesharing/Van Pool Program – Acquisition
- Pennsylvania Emergency Management Agency:
 - Receipts from Federal Government – Disaster Relief – Disaster Relief Assistance to State and Political Subdivisions
- Pennsylvania Historical and Museum Commission:
 - Federal Grant – National Historic Preservation Act
- Executive Offices:
 - Retired Employees Medicare Part D
 - Justice Assistance
 - Juvenile Accountability Incentive
 - Early Retiree Reinsurance Program

Section 1934-C. Fund Transfers

- Environmental Stewardship Fund
 - Authorizes a transfer of \$1.9 million from Personal Income Tax (PIT) revenue to the fund.

Fiscal Impact: This provision will result in a transfer of \$1.9 million to the Environmental Stewardship Fund from PIT which would result in a decrease in revenue to the General Fund in the same amount.

- Well Plugging Restricted Revenue Account
 - Authorizes the transfer of a total of \$19.026 million from:
 - Waste Authority Transportation Safety Account
- Alternative Fuels Incentive Grant Fund
 - Used Tire Pile Remediation Account
 - Solid Waste Abatement Account
- Coal Refuse Disposal Control Fund
- Bituminous Mine Subsidence and Land Conservation Fund
 - Sewage Facilities Program Administration
 - Dams and Encroachment Fund
 - Industrial Land Recycling Fund

Fiscal Impact: This provision will result in a total transfer of \$19.026 million to the Well Plugging Restricted Revenue Account. This represents a \$19.026 million increase to the Well Plugging Restricted Account and a total decrease in the amount of \$19.026 million from the listed accounts.

- Transfer to General Fund from Special Funds and Restricted Accounts
 - Provides for a transfer of \$580 million from special funds, special funds designated as trust funds, and restricted accounts, except the Budget Stabilization Reserve Fund, to the General Fund.

Fiscal Impact: This provision will decrease applicable special funds and restricted accounts in total by \$580 million and increase the General Fund by the same amount.

- Crime Victim Services and Compensation Fund
 - Notwithstanding section 902 of the Medical Marijuana Act, the Secretary of the Budget shall transfer \$4,500,000 from the Medical Marijuana Program Fund to the Crime Victim Services and Compensation Fund.

Fiscal Impact: This section will have no fiscal impact on the Commonwealth because it directs funds to the extent that they are appropriated.

Article LXXX. Fiscal Supplements to Statutory Programs

Subarticle E. Municipalities

Section 8042. Amusement tax clarification

Clarifies that the Local Tax Enabling Act (P.L. 1257, No. 511) does not authorize a municipality to impose an amusement tax on complimentary or resort-sponsored admission to resort places of amusement provided by the resort to overnight guests without a separate charge for the amusement admission.

Fiscal Impact: This section would have no impact on Commonwealth funds. It would have an impact on municipal funds if a municipality imposes an amusement tax on complimentary resort amusement park admission provided to overnight guests of the resort.

Section 8043. Situs for local sales tax for cities of the first class

Establishes a single, consistent rule for determining where a retail sale is considered to occur for purposes of local sales taxes, which provides that the location of a retail sale will be the same as the location used under the state Sales and Use Tax rules in the Tax Reform Code of 1971, unless a different rule applies.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds.

Section 8044. Situs for local sales tax for cities of the second class

Provides that for the purposes of the Second Class County Code, the location of a retail sale is the same as the location used for the commonwealth's Sales and Use Tax in the Tax Reform Code of 1971, unless a different rule applies.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds.

Section 8045. Net Income

This provision changes how net income is calculated for purposes of determining business privilege tax liability in a city of the first class. Net income must be calculated in the same manner as taxable income under sections 216 (Form of Returns) and 217 (Time for Filing Returns) of the Tax Reform Code of 1971 with respect to the treatment of research and experimental expenditures, qualified production property expenses, and interest deductions. The provision also provides that any future changes to calculation of taxable income will automatically apply to the calculation of net income for the city business privilege tax.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds.

Subarticle G. Housing

Directs the Pennsylvania Housing Finance Authority (PHFA) to post online a searchable database of all publicly financed housing subject to one or more public assistance programs administered by the PHFA. The database is to include:

- The address of the property.
- The anticipated date on which all affordability restrictions affecting the property may terminate.
- If the public assistance programs affecting the property may continue after the anticipated termination date.
- If the property has been granted an extension or modification of affordability restrictions.
- Any other information deemed relevant by the PHFA.

The database shall be updated annually no later than each December 31 beginning in 2027. The agency shall submit annually a report to the governor and General Assembly outlining:

- The aggregate data for the next three calendar years for each publicly financed rental housing property.
- Any other information deemed relevant by the PHFA.

Local housing agencies are to submit information required to the PHFA no later than October 1, 2027, and each October 1 thereafter. The agency may partner with a third-party entity to assist with these requirements.

Fiscal Impact: This section would have no fiscal impact on Commonwealth funds as the PHFA believes it can absorb the cost of the database using current resources.

Repeals

- Repeals Section 602 related to LIFE Program, of the Human Services Code to effectuate the addition of Section 1604-T
- Repeals Midwife Regulation Law (Act 155 of 1929) to effectuate the addition of Article XVII-A.2 Subarticle G

Effective Dates

Updates related to Section 1602-T(1)(i)(A) related to revenue adjustment neutrality factor for Medical Assistance payments for institutional care shall apply retroactively to June 29, 2026

PREPARED BY: House Appropriations Committee Budget Analysts
House Appropriations Committee (D)

DATE: July 11, 2026

Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.