



## SENATE OF PENNSYLVANIA BILL SUMMARY

### Senate Bill 1221 Printer's No. 1748

Prime Sponsor: Senator Costa and Senator Fontana  
Committee: Community, Economic and Recreational Development

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#### SYNOPSIS:

Amends the Intergovernmental Cooperation Authority (ICA) Act (Act 11 of 2004) for Cites of the Second Class (Pittsburgh) by providing for various reforms making it more transparent and accountable to the public.

#### SUMMARY:

Senate Bill 1221, Printer's No. 1748, amends the act of February 12, 2004 (P.L.73, No. 11), known as the Intergovernmental Cooperation Authority (ICA) Act for Cites of the Second Class (Pittsburgh) in general provisions, further providing for definitions; in ICA for cites of the second class, further providing for governing board, for powers and duties, for term and existence, for annual report to be filed and annual audits and providing for distribution of gaming revenue.

More specifically this legislation represents reforms to the Pittsburgh ICA Act that involves both technical and substantive modifications, including adding a definition of "gaming revenue"; clarifies when actions may be taken by the board; clarifies and adds statutes applicable to board and executive director; and requires in relation to specific duties, term of existence, and distribution of gaming revenue as indicated in more detail by the following:

- {Definition} – "Gaming revenue." The local share assessment collected from gaming revenue by the Department of Revenue for distribution to municipalities hosting licensed facilities under 4 Pa.C.S. Ch. 14 (relating to revenues).
- {Clarifies} – Under the quorum (majority of board members) provisions it clarifies that all action of the board shall be taken by majority of the board members present.
- {Clarifies and Adds} – Clarifies statutes applicable [e.g., Open Meetings, Right-to-Know Law, State Adverse Interest Act, Ethics Standards and Financial Disclosure and {adds} 62 Pa.C.S (relating to procurement) to board and executive director of the Pittsburgh ICA.
- {Requires in relation to specific duties, term of existence and distribution of gaming revenue}:
  - A detailed accounting on any gaming revenue [Pittsburgh ICA] authority is withholding from an assisted city, as provided for under 4 Pa.C.S. § 1403(c).
  - The establish and maintenance of a publicly accessible Internet website containing the following:
    - Intergovernmental cooperation agreements (under paragraph 3).
    - Annual report describing the assisted city's financial condition and the [Pittsburgh ICA] authority's progress (under paragraph 4).
    - [Pittsburgh ICA] authority annually adopted budget (under section 206).

- Required audits (under section 206).
  - Pittsburgh ICA 3<sup>rd</sup> party contracts.
- The adoption and publishing of a records retention policy.
- Secretary of Community and Economic Development (DCED) may not certify the [Pittsburgh ICA] authority is no longer necessary until oversight is terminated under the Municipalities Financial Recovery Act (Act 47 of 1987), or June 30, 2019 (whichever is later).
- If [Pittsburgh ICA] authority is terminated, gaming revenue shall be redistributed to an assisted city to increase its level of funding to the municipal pension funds.
- Specifies that not less than 30 days preceding each scheduled quarterly distribution of local share gaming revenue under 4 Pa.C.S. § 1403(c)(3)(i) [relating to establishment of State Gaming Fund and net slot machine revenue distribution - 2% of GTR or \$10M, whichever greater, to a city of the second class (Pittsburgh)] the board by a majority vote of all the members of the [Pittsburgh ICA] authority direct the assisted city to use gaming revenues pursuant to 4 Pa.C.S. § 1403(c)(3)(xv) [related to debt reduction, increased pension funding or any other purposes as determined in the best interest of the second class city by such ICA].
  - If debt reduction or increased pension funding the [Pittsburgh ICA] authority shall notify the Secretary of Budget and the Commonwealth shall distribute the gaming revenue directly to the assisted city and the assisted city shall use the gaming revenue for the specified purposes. [4 Pa.C.S. 1403(c)(3)(xv)(A) or (B)]
  - If for any other purpose as determined to be in the best interest of a second class city (Pittsburgh) by such ICA the [Pittsburgh ICA] authority shall transmit in writing to the assisted city and the Secretary of Budget no more than five days (from the time of vote) the purpose and conditions. The following shall apply: [4 Pa.C.S. 1403(c)(3)(xv)(A) or (B)]
    - If the assisted city provides information that meets the required conditions the [Pittsburgh ICA] authority shall notify the Secretary of Budget and the Commonwealth distribute the gaming revenue directly to the assisted city as provided for under 4 Pa.C.S. § 1403(c)(3)(i).
    - If the assisted city requires additional time to meet the required conditions, it shall reply in writing within five days with an update of process needed to meet the conditions and a projection of the time period. The [Pittsburgh ICA] authority shall notify the Secretary of Budget that the assisted city is not in compliance and that no distribution of gaming money to be made.
      - The authority shall by majority vote, determine when the assisted city is in compliance and notify the Secretary of Budget of such at which time the Secretary of Budget shall release gaming funds held in escrow (including interest and income earned) directly to the assisted city.
    - If assisted city and [Pittsburgh ICA] authority are in dispute regarding whether conditions have been met, the assisted city may request the

Secretary of Budget make a determination that the assisted city has met the conditions.

- If determined the conditions have been met, the Secretary of Budget shall provide notice to the assisted city and authority and shall release the gaming funds held in escrow (including interest and income earned) directly to the assisted city.
- If determined the conditions have not been met, the Secretary of Budget shall provide notice to the assisted city and authority and require the assisted city continue to meet the conditions.

### **[A07252] (Fontana) Amendment Summary**

This amendment consists of various editorial, technical and substantive modifications that includes the follow (among other things):

- Specifies only certain statutes apply to the executive director vs. the board (e.g., State Adverse Interest Act, Ethics Standards).
- Requires a detailed accounting of gaming revenue whether distributed under 4 Pa.C.S. § 1403(c)(3)(xv) (relating to the establishment of the State Gaming Fund and net slot machine revenue distribution) or the {new} provisions of section 210.1 (relating to the distribution of gaming revenue) including the state of all gaming revenue not yet distributed.
- Further specifies in the instance where the [Pittsburgh ICA] authority is terminated and the gaming revenue goes to increase the pension funding for the assisted city [Pittsburgh] that such revenues shall be in addition to and shall not replace the minimum obligation that the assisted city is require to contribute to its pension fund under the Municipal Pension Plan Funding Standard and Recovery Act (Act 205 of 1984).
- Provides gaming revenues are merely withheld versus being held in escrow as the latter is not applicable in this situation given the gaming revenues are already held by the Commonwealth.
- Adds language describing when the Secretary of the Budget may not distribute gaming revenue (since adding language that describes when the Secretary of the Budget shall distribute gaming revenue).

Effective Date: Shall take effect in 60 days.

#### **BILL HISTORY:**

Intergovernmental Cooperation Authority Act for cites of the second class (Act 11 of 2004).

62 Pa.C.S. (relating to procurement).

Act of July 10, 1987 (P.L.246, No. 47), known as the Municipalities Financial Recovery Act (Act 47 of 1987).

Section 1403 (c) (relating to the establishment of State Gaming Fund and net slot machine revenue distribution), Title 4 (Amusements) of the Pennsylvania Consolidated Statutes. [4 Pa.C.S. § 1403(c)].

Prepared by: Brehouse 5/18/2016