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THE GENERAL ASSEMBLY OF PENNSYLVANIA

HOUSE BILL

No. 1092 Session of 2025

INTRODUCED BY GAYDOS, KUTZ, KAUFFMAN, KENYATTA, HAMM, M. MACKENZIE, ROWE, BANTA, SCIALABBA AND BERNSTINE, APRIL 1, 2025

REFERRED TO COMMITTEE ON FINANCE, APRIL 1, 2025

AN ACT

Establishing the Taxpayer Dividend Program; imposing powers and duties on the State Treasurer and Department of Revenue; and providing for payment of certain taxpayer dividends.

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

Section 1. Short title.

This act shall be known and may be cited as the Taxpayer Dividend Program Act of 2025.

Section 2. Legislative findings.

The General Assembly finds and declares as follows:

(1) Over the past three fiscal years, the General Assembly has deposited $5.6 billion of surplus General Fund money in the Budget Stabilization Reserve Fund, which is commonly known as the Rainy Day Fund.

(2) Many of these annual deposits in the Budget Stabilization Reserve Fund exceeded the statutorily required minimum amounts of up to 20% of the prior fiscal year's surplus.

(3) The balance of the Budget Stabilization Reserve Fund was projected to be at least $6.4 billion by the end of the 2023-2024 fiscal year.

(4) The General Fund had a projected surplus of at least $6.4 billion by the end of the 2023-2024 fiscal year.

(5) Many lobbyists, stakeholders and elected officials are lining up to spend the entire General Fund surplus and the Budget Stabilization Reserve Fund.

(6) The Governor's proposed spending increases for the 2024-2025 fiscal year would extinguish the General Fund surplus by the end of the 2025-2026 fiscal year, triggering the need to use one-time fund transfers from the Budget Stabilization Reserve Fund to pay for the Commonwealth's ongoing expenses.

(7) Rather than using the Commonwealth's General Fund surplus and Budget Stabilization Reserve Fund balance to pay for unsustainable spending through expanded programs that will create ongoing increased spending, the General Assembly should return a portion of the surplus and balance to the resident individual taxpayers who paid the taxes that lead to the surplus and balance.

Section 3. Definitions.

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

"Program." The Taxpayer Dividend Program established by this act.

"Resident individual." The term shall have the same meaning given to it in section 301(p) of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971.

"Surplus." As defined in section 1702-A(d) of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code.

"Taxpayer dividend." The amount determined under section 7(b).

Section 4. Taxpayer Dividend Program.

(a) Establishment.--The Taxpayer Dividend Program is established in the Treasury Department.

(b) Purpose.--The program shall refund to the Commonwealth's taxpaying families a portion of the budget surpluses that have accrued in the General Fund and the Budget Stabilization Reserve Fund.

Section 5. Program funding.

(a) Source of funding.--For the 2025-2026 fiscal year, the General Assembly may appropriate amounts from the General Fund to the Treasury Department for the purpose of the program.

(b) Limitations.--

(1) The amount of the appropriation authorized under subsection (a) from the General Fund may not exceed the surplus available in the General Fund as of June 30, 2024.

(2) The amount of the appropriation authorized under subsection (a) from the Budget Stabilization Reserve Fund shall be subject to the following:

(i) The amount of the appropriation may not exceed the difference between the amount of money in the Budget Stabilization Reserve Fund as of June 30, 2024, and an amount equal to 6% of the revenues of the General Fund for the 2024-2025 fiscal year.

(ii) Notwithstanding section 1703-A(b) of the act of April 9, 1929 (P.L.343, No.176), known as The Fiscal Code, the appropriation shall be enacted though approval of a separate appropriation bill by a vote of two-thirds of the members elected to the Senate and the House of Representatives.

(3) Any money appropriated under this subsection which would otherwise lapse to the General Fund shall be transferred to the Budget Stabilization Reserve Fund.

Section 6. Determination of eligible resident individuals.

No later than 45 days after enactment of an appropriation under section 5(a), the Department of Revenue shall determine the following:

(1) The name and last known address of every resident individual who timely filed an individual annual return under Article III of the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, for the taxable year beginning January 1, 2024, and who timely paid any tax liability due.

(2) The name and last known address of every resident individual who was included in a timely filed joint annual return under Article III of the Tax Reform Code of 1971 for the taxable year beginning January 1, 2024, and who timely paid any tax liability due.

(3) If known, the automated clearinghouse information for each resident individual described under paragraphs (1) and (2).

Section 7. Determination of amount of taxpayer dividend for each resident individual.

(a) Determination.--No later than 15 days after the determination under section 6, the Department of Revenue shall determine the amount of the taxpayer dividend under subsection (b).

(b) Calculation of taxpayer dividend.--The taxpayer dividend shall be the lesser of the following:

(1) the total amount appropriated under section 5(a) divided by the sum of the total number of resident individuals described under section 6(1) and (2); or

(2) the amount of $1,000.

Section 8. Transmittal of names, last known addresses and payment information.

No later than 21 days after the determination under section 6, the Department of Revenue shall transmit to the State Treasurer all of the following information:

(1) The name of each resident individual under section 6(1) and (2).

(2) The last known address for each resident individual under section 6(1) and (2).

(3) The automated clearinghouse information under section 6(3).

(4) The amount of the taxpayer dividend determined under section 7(b).

Section 9. Payments.

(a) Duty of State Treasurer.--No later than 15 days after receipt of the information transmitted under section 8, the State Treasurer shall disburse to each resident individual under section 8(1) a payment in the amount of the taxpayer dividend.

(b) Payment method.--

(1) Except as provided under paragraph (2), the taxpayer dividend shall be paid to each resident individual under section 6(1) and (2) in the form of a check mailed to the resident individual's last known address.

(2) If the Department of Revenue transmits automated

clearinghouse information for a resident individual under section 6(3), the State Treasurer shall pay the taxpayer dividend through an automated clearinghouse transaction.

Section 10. Reports.

(a) Report required.--No later than March 31, 2025, or 90 days after the payments are made under section 9, whichever is later, the Treasury Department, in consultation with the Department of Revenue, shall publish a report on the program.

(b) Publication and transmission.--The State Treasurer shall publish the report on the Treasury Department's publicly accessible Internet website and shall transmit a copy of the report to the chair and minority chair of the Appropriations Committee of the Senate and the chair and minority chair of the Appropriations Committee of the House of Representatives.

(c) Report contents.--The report shall include the following information:

(1) The total dollar amount of taxpayer dividends paid to resident individuals under this act.

(2) The total number of resident individuals who received a payment under this act.

Section 11. Effective date.

This act shall take effect immediately.