

# WEEKLY SESSION NOTES

SENATE REPUBLICAN POLICY COMMITTEE – JOHN PIPPY, CHAIRMAN

## Monday, October 5, 2009

[Senate Bill 1036](#) (Corman) would appropriate \$160,490,000 to the University of Pittsburgh for general support for the 2009-2010 Fiscal Year. The bill would also appropriate \$7,505,000 in federal ARRA funds to supplement the state funds. An additional \$8,644,000 in federal ARRA funds would be appropriated for general support for the 2008-2009 Fiscal Year. [Passed: 49-0.](#)

[Senate Bill 1037](#) (Corman) would appropriate \$164,974,000 to Temple University for general support for the 2009-2010 Fiscal Year. The bill would also appropriate \$7,763,000 in federal ARRA funds to supplement the state funds. An additional \$8,930,000 in federal ARRA funds would be appropriated for general support for the 2008-2009 Fiscal Year. [Passed: 49-0.](#)

[Senate Bill 1038](#) (Corman) would appropriate \$13,623,000 to Lincoln University for general support for the 2009-2010 Fiscal Year. The bill would also appropriate \$159,000 in federal ARRA funds to supplement the state funds. An additional \$830,000 in federal ARRA funds would be appropriated for general support for the 2008-2009 Fiscal Year. [Passed: 49-0.](#)

[Senate Bill 1039](#) (Corman) would appropriate \$34,419,000 to the University of Pennsylvania for veterinary activities during the 2009-2010 Fiscal Year. [Passed: 49-0.](#)

[Senate Bill 1040](#) (Corman) would appropriate \$304,449,000 to the Pennsylvania State University for general support for the 2009-2010 Fiscal Year and \$13,623,000 for the Pennsylvania College of Technology. The bill would also appropriate \$15,115,000 in federal ARRA funds for the Pennsylvania State University and \$676,000 in federal ARRA funds for the Pennsylvania College of Technology to supplement the state funds. An additional \$16,246,000 in federal ARRA funds for Penn State and an additional \$727,000 in federal ARRA funds for the College of Technology would be appropriated for general support for the 2008-2009 Fiscal Year. [Passed: 49-0.](#)

[Senate Resolution 191](#) (Vance) designates the week of November 8 through 14, 2009 as “Perioperative Nurse Week” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 192](#) (Vance) designates November 19, 2009 as “Children’s Grief Awareness Day” in Pennsylvania. [Adopted by Voice Vote.](#)

## Tuesday, October 6, 2009

[Senate Bill 922](#) (Kitchen) would amend the Public Welfare Code to make a number of changes. Among other provisions, the bill would remove the requirement that nominees to County Boards of Assistance be confirmed by a two-thirds vote of the Senate. The measure would add a provision requiring that each appointment to a county board by the Governor bear the

endorsement of the senator of the district in which the nominee resides. In the case of a vacancy in that senatorial district, the nominee would be endorsed by the senator of an adjacent district.

Senate Bill 922 would also delete Section 441.4(a) of the Public Welfare Code, which provides that necessary medical or remedial care expenses are allowable income deductions when determining a recipient's payment towards the cost of long-term care services. This section further provides that the allowable income deduction for these unpaid expenses incurred prior to medical assistance eligibility and incurred for long-term care services after medical assistance is authorized is subject to a \$10,000 lifetime maximum. Senate Bill 922 would disallow, as a deduction, any long-term care medical expenses incurred six months prior to application for medical assistance. In addition, medical and remedial expenses that were incurred as a result of a transfer of assets penalty would be limited to zero unless the application of the limits would result in undue hardship.

Finally, the measure would clarify that long term care hospitals are not included in the provider assessment on hospitals in the City of Philadelphia. In addition, the bill would provide that the City of Philadelphia could retain revenues from the provider assessment to be used to fund a portion of its costs of operating public health clinics, as set forth in an agreement between the City and the Secretary. An additional change would also authorize the City of Philadelphia to extend the hospital assessment to Temple University Hospital following advance written approval by the Secretary of Public Welfare. This assessment could be enacted either prior to or during its fiscal year ended June 30, 2010. **Passed: 46-3.**

**Senate Bill 1042** (Browne) would amend the Fiscal Code to provide for the implementation of the 2009-2010 Fiscal Year Budget. Among other changes, the bill would provide for transfers from various funds including the Rainy Day Fund, the Health Care Provider Retention Account and the Medical Care Availability and Reduction of Error Fund; provide for the establishment of an Independent Fiscal Office; and, outline the requirements for the leasing of state forest lands for the production of Marcellus Shale gas reserves. **Passed: 36-13.** *(Note: House Bill 1614, Printer's Number 2799 which passed the Senate on Friday, contained the final language amending the Fiscal Code for implementation of the 2009-2010 Fiscal Year budget. This bill which was signed into law as Act 50 of 2009.)*

**Senate Bill 1085** (Corman) would create the Supplemental General Appropriation Act of 2009. The proposal would authorize \$27.835 billion in General Fund spending, which represents \$1 billion less than originally requested by the Governor. This proposed spending level would require no broad-based tax increases. Despite the decrease in spending over the previous year, school districts would receive an increase of more than \$1 billion or 16.5 percent when American Recovery and Reinvestment Act funds are included. **Passed: 43-6.** *(Note: House Bill 1416 (Printer's Number 2772, which passed the Senate on Friday, contained the final version of the Supplemental General Appropriation Act of 2009 which was signed into law as Act 10A of 2009.)*

**Senate Resolution 193** (Rafferty) designates October 13, 2009 as "Schuylkill River Day" in Pottstown, Montgomery County. **Adopted by Voice Vote.**

[Senate Resolution 194](#) (Dinniman) recognizes the month of October 2009 as “Parent Involvement Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 195](#) (Greenleaf) recognizes October 21, 2009 as “Biomedical Research Day” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 196](#) (Tartaglione) recognizes the month of October 2009 as “Breast Cancer Awareness Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 197](#) (Kitchen) recognizes the month of October 2009 as “Health Literacy Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 198](#) (Tartaglione) designates the month of October 2009 as “National Disability Employment Awareness Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 199](#) (Pippy) designates the week of October 18 through 24, 2009 as “Good Chemistry Month” in Pennsylvania in recognition of the dynamism and innovation of the business of chemistry. [Adopted by Voice Vote.](#)

[House Bill 1531](#) (George) would amend the Tax Reform Code of 1971 to make a number of changes. Among other modifications, the bill would:

- Exempt the sale or lease of helicopters and the repair of helicopters including parts and labor from the sales and use tax.
- Provide for monthly and semi-monthly tax reports and require large businesses (\$25,000 or more per quarter) to file and pay their sales twice per month instead of monthly.
- Extend the expiration date of the Wild Resources Conservation, Organ Donation and Military Family Relief Assistance income tax check-offs until January 1, 2014 and clarify that check-offs for breast and cervical cancer research and for juvenile diabetes research do not expire.
- In calculating the corporate net income tax, increase the weighting of the sales factor from 70 percent to 83 percent in 2009 and further to 90 percent in 2010 and expand the net operating loss deduction from \$3 million or 12.5 percent of taxable income currently to \$3 million or 20 percent of taxable income in 2010.
- Modify the phase out of the capital stock and franchise tax. The tax rate for 2009 would be 2.89 mills (instead of the current 1.89 mills) and would continue at that rate for 2010 and 2011. The rate would again drop to 1.89 mills in 2012, 0.89 mills in 2013, and be completely eliminated in 2014.
- Impose a gross receipts tax at the rate of 59 mills (5.9 percent) on managed care organizations.

- Increase the cigarette tax by 25 cents per pack from \$1.35 per pack to \$1.60 per pack and place “little cigars” into the definition of cigarettes for tax purposes meaning that little cigars will be taxed at the same rate as that imposed on cigarettes (\$1.60 per pack).
- Eliminate the transfer of 18.52 percent of the cigarette tax from the General Fund to the Health Care Provider Retention Account.
- Reduce and postpone a number of tax credits including the Research and Development, Film Production and Educational Improvement Tax Credits and postpone awarding the \$5 million Alternative Energy Investment Credit, established previously under the Alternative Energy Investment Act.
- Transfer the provisions related to the Educational Improvement Tax Credit from the Public School Code of 1949 to the Tax Reform Code of 1971; and,
- Establish a 90-day tax amnesty program for the 2009-2010 Fiscal Year. The program would apply to taxpayers with delinquent taxes as of June 1, 2009. Taxpayers who participated in the last tax amnesty program would be ineligible. In addition, individuals who participate in this program would be precluded from participating in future amnesty programs. During the amnesty period, participants would be required to file a tax amnesty return, pay all taxes and 50 percent of interest due, and file complete returns for all years in question. If within two years after the end of the program a participant becomes delinquent on future taxes, the Department of Revenue could assess all interest and penalties foregone through the program. The Department would be required to publicize the program and provide a report to the General Assembly detailing its implementation. **Concurrence in House Amendments, as Amended: 35-14.**

[House Bill 1607](#) (Caltagirone) would amend Titles 42 (Judiciary and Judicial Procedure), 44 (Law and Justice) and 75 (Vehicles) of the Pennsylvania Consolidated Statutes to make a number of changes. Among other modifications, the bill would:

- Consolidate statutory law relating to constables in a newly constructed Chapter 71 of Title 44 of the Pennsylvania Consolidated Statutes. Language in existing sections of law relating to constables in Titles 42 (Judiciary and Judicial Procedure), 44 (Law and Justice), and 75 (Vehicles), as well as in a number of unconsolidated statutes would be repealed and transferred to the newly created Chapter 71. Obsolete language would be deleted and antiquated language updated to conform to the style of the Consolidated Statutes. All rules, regulations, and activities initiated under existing law would continue in force and effect until superseded by the operation of Chapter 71. No substantive changes in law are intended.
- Extend the current Access to Justice Fee to apply to cases when a defendant is granted entry into an ARD or other diversionary program.

- Establish additional surcharges in addition to the currently collected Access to Justice Fee (\$10) on court filings, except that the additional surcharges will not be collected on traffic citations. These charges include:
  - A permanent fee of \$2.25 to be collected and deposited into the Criminal Justice Enhancement Account to reimburse counties for full-time district attorney salaries; and,
  - A temporary fee (for a period of 25 months) of \$11.25, with \$1.00 to be deposited into the Access to Justice Account and the remainder into the Judicial Computer System Augmentation Account. **Passed: 26-23.**

### **Wednesday, October 7, 2009**

There were no final passage votes taken in the Senate on Wednesday.

### **Thursday, October 8, 2009**

[Senate Resolution 201](#) (Mellow) designates the month of November 2009 as “Pancreatic Cancer Awareness Month” in Pennsylvania. **Adopted by Voice Vote.**

[Senate Resolution 202](#) (Eichelberger) welcomes home from its deployment to Iraq, the 2-112<sup>th</sup> Infantry Battalion (Stryker), 56<sup>th</sup> Brigade (Stryker), 28<sup>th</sup> Infantry Division of the Pennsylvania Army National Guard. **Adopted by Voice Vote.**

[Senate Resolution 203](#) (Stack) recognizes October 2009 as “The Great Hunger Remembrance Month” in Pennsylvania. **Adopted by Voice Vote.**

[Senate Resolution 204](#) (McIlhinney) designates November 13, 2009 as “World Kindness Day” in Pennsylvania. **Adopted by Voice Vote.**

[House Bill 1468](#) (Brennan) would designate the portion of PA Route 378 from U.S. Route 22 to the Hill to Hill Bridge in Bethlehem, Lehigh County as the Fred B. Rooney Highway. The bill would also designate the bridge that carries State Route 1008, known as Henry Road, over Bushkill Creek in Bushkill Township, Northampton County as the William Henry Atherton Bridge. **Passed: 46-0.**

### ***Executive Session***

Nominations to Various Boards and Commissions. **Confirmed: 46-0.**

### **Friday, October 9, 2009**

[Senate Bill 369](#) (Logan) would amend the Emergency and Law Enforcement Personnel Death Benefits Act to permit the Commonwealth to pay the death benefit provided for in the act

directly to a surviving spouse or, if there is no surviving spouse, to the minor children of the deceased paid firefighter, ambulance service or rescue squad member, or law enforcement officer. Under current law, the payment is made to the political subdivision which passes it along to the survivors. The bill would also provide an additional benefit equal to the monthly salary of the deceased paid firefighter, ambulance service or rescue squad member, or law enforcement officer, less any workers' compensation or pension or retirement benefits paid to the survivors. The monthly payments would continue until there is no eligible beneficiary to receive them. If no spouse or minor children survive, a single sum of \$100,000 would be paid to the parent or parents of the paid firefighter, ambulance service or rescue squad member, or law enforcement officer. An additional change would extend the lump sum benefit to the survivors of certified hazardous material response team members and volunteer firefighters and ambulance service or rescue squad members who died as a result of the performance of their duties.

**Concurrence in House Amendments: 49-0.**

**Senate Bill 1033** (Tomlinson) would amend the Pennsylvania Race Horse Development and Gaming Act in Title 4 (Amusements) of the Pennsylvania Consolidated Statutes, authorizing the operation of table games. Among other modifications, the bill would:

- Declare that it is the legislative intent of the General Assembly to authorize the operation of slot machines and table games under a single slot machine license (a separate table games certification would be required) issued to a slot machine licensee in order to increase revenues to the Commonwealth and to provide new employment opportunities by creating skilled jobs for individuals relating to the conduct of table games.
- Define “table games” as “any banking, non banking or percentage game” to include blackjack, roulette, craps, baccarat, poker, big six wheel, etc; however, the term would not include state lottery games, bingo, pari-mutuel betting, small games of chance, slot machine gaming or keno.
- Permit table games at eligible Category 1 (harness and horse racing track), Category 2 (freestanding), and Category 3 (resort) slot machine casinos. Table games would be permitted within a temporary facility until a licensed facility could construct a permanent area to accommodate such games.
- Require the Board to hold at least one public input hearing in the municipality where the licensed facility is located on the matter of granting a table games certificate to a slots licensee.
- Authorize up to 250 table games per licensed facility for Category 1 and 2 licensees and up to 25 table games and an additional 10 nonbanking poker games seating no more than 10 players at each poker table for Category 3 licensees.
- Assess a one-time authorization fee of \$15 million for Category 1 and 2 licensees and \$7.5 million for Category 3 licensees, with such fees to be deposited into the General Fund.

- Tax daily gross table game revenue at each licensed facility at a level of 12 percent, with proceeds to be deposited into the General Fund; but provide that if, on the last day of a fiscal year, the Rainy Day Fund balance exceeds \$1.5 billion, then the tax revenue generated from table games would be applied to property tax relief rather than supplementing the General Fund.
- Assess daily gross table game revenue an additional two percent, with the proceeds to be divided between the host county and municipality.
- Require suppliers of table game supplies to pay a licensing fee of \$25,000 with an annual renewable fee of \$15,000, payable to the General Fund.
- Require manufacturers of table game supplies to pay a licensing fee of \$50,000 with an annual renewable fee of \$30,000, payable to the General Fund.
- For fiscal years 2009-2010 through 2012-2013, redirect 17 percent of the money in the Pennsylvania Race Horse Development Fund to the General Fund.
- Require the transfer to the General Fund of all amounts of money from prior fiscal years with respect to unexpended local law enforcement grants.
- Increase the transfer of funds for compulsive gambling treatment to \$3 million per year from the current \$1.5 million or 0.1 percent of gross terminal revenues, whichever is greater.
- Permit table games operators to accept checks from and extend credit to patrons.
- Provide for the establishment of gaming schools, including the development of curriculum guidelines and proficiency standards, for employment opportunities associated with slot machines or table games, including machine and device maintenance and repair.
- Authorize the organization and conduct of gaming junkets.
- Require 85 percent of employees of table game operators to be Pennsylvania residents within three years of the commencement of operation; and
- Empower the Board with the specific powers and duties to ensure the integrity of the conduct, establishment and operation of authorized table games. To facilitate the prompt implementation of table games, the Board would be permitted to enact temporary regulations (which must expire no later than two years following publication) exempt from requirements of the Commonwealth Documents Law and of the Independent Regulatory Review Commission process. **Passed: 29-20.**

[Senate Bill 1088](#) (Earl) would amend the Pennsylvania Race Horse Development and Gaming Act in Title 4 (Amusements) of the Pennsylvania Consolidated Statutes providing for omnibus

gaming reforms with regard to the regulation of the slot machine and table game gaming industry. Among other modifications, the bill would:

- Declare that it is the legislative intent of the General Assembly that campaign contributions by certain individuals and entities subject to the act be completely banned.
- Prohibit all future members of the Board from engaging in any business, employment or vocation for which the member would receive any compensation or remuneration.
- Extend the financial interest prohibition applicable to Board members and their immediate families from one year to two years, clarify that former Board members may not appear before the Board as an advocate for at least two years after their terms in office, and extend the prohibition from one to two years after termination against Board members, employees or independent contractors of the Board from receiving a complimentary service or prize.
- Extend the post-employment prohibitions on Board employees, including attorneys, from one to two years and require employees and independent contractors of the Board to sign an affidavit agreeing to the ban as a condition of employment or contract. And, extend, from two years to five years, the post employment prohibitions of a removed member, employee, or independent contractor.
- Require appointing authorities to fill a vacancy on the Board within 60 days, but prohibit the Board from taking final action to fill any vacancy in the positions of Executive Director, Director of the Bureau, Chief Counsel of the Board or Director of the Office of Enforcement Counsel until receipt and review of the background investigation conducted by the Pennsylvania State Police.
- Provide that in the event of a budget impasse or fiscal crisis, employees of the Board, the Department of Revenue, the Pennsylvania State Police, and the Office of Attorney General whose duties involve the regulation and oversight of gaming shall not be subject to furlough.
- Within 90 days of the effective date of the act, require that the Board, like other Commonwealth agencies, establish a system of classification and compensation of its employees subject to the provisions of the Administrative Code of 1929.
- Raise the required standard of proof from “by preponderance of the evidence” to “by clear and convincing evidence” with respect a licensee’s or prospective licensee’s suitability.
- Permit the Board to collect and post information on its Internet website regarding the controlling interest or ownership interest of an applicant for a slot machine license or a licensed gaming entity.

- Strengthen provisions regulating ex parte communications by members, attorneys, employees, and hearing officers of the Board, including maintaining a formal log of such communications; and establish a recusal process for such individuals.
- Limit reimbursement of expenses of Board members and employees to actual and reasonable expenses incurred during the performance of their duties, with receipts required for reimbursement of expenses exceeding \$10, and require the monthly and annual posting of such expenses on the Board website.
- Require a public input hearing prior to approving the structural redesign of a licensed facility located in a city of the first class and require that the Board establish a public comment period prior to approving any such structural redesign or before licensing a facility.
- Clarify information submitted by an applicant or licensee that should be kept confidential (information that is publicly available including information from a criminal history check would not be considered confidential), and would classify the illegal disclosure of such information as a misdemeanor.
- Increase the ban on issuing a principal license or key employee license to an individual previously convicted of a felony from 15 years to life.
- Require all applicants for a license or permit to fully disclose all arrests and the criminal dispositions in such cases, including any dismissal, plea bargain, pardon, expungement or ARD order, etc.
- In certain circumstances, permit the Board to appoint a trustee to act on behalf of the Commonwealth; grant authority to the Board to set forth the powers, duties and responsibilities of the trustee; limit the compensation for the trustees and all individuals hired by the trustee to \$600 per hour in the aggregate; and provide for the disposition of net income during the period of trusteeship.
- Require the Office of the Budget to submit an annual report to the General Assembly regarding distributions from the Pennsylvania Gaming Economic Development and Tourism Fund (PGEDTF), and require that any entity receiving such funds report to the Office of the Budget and to the General Assembly how such funds are distributed.
- Clarify that following the distribution of \$42.5 million from the PGEDTF to Allegheny County for the Allegheny County airport, all remaining funds would be distributed directly to the airport authority.
- Require the Board to ensure the Bureau of Investigations and Enforcement is a distinct entity and to prevent commingling of the investigatory and prosecutorial functions of the Bureau with the adjudicatory functions of the Board.

- Require the Pennsylvania State Police to submit an annual report to the General Assembly summarizing law enforcement activities at each licensed facility.
- Clarify change of ownership and portability issues with respect to slot machine licensees and licenses, and extend various permits and licenses from one year to three years; and,
- Permit the Chief Enforcement Counsel to petition the Commonwealth Court for authorization to review or obtain information in the possession of an agency in this Commonwealth by presenting specific facts demonstrating that the agency has in its possession information material to a pending investigation or inquiry being conducted by the Bureau and that disclosure or release is in the best interest of the Commonwealth.  
**Passed: 49-0.**

**Senate Resolution 153** (Wozniak) urges the Congress of the United States to pass legislation amending the Consumer Product Safety Improvement Act of 2008 to exclude youth all-terrain vehicles, motorcycles and snowmobiles from the lead-limit requirements of the Act. **Adopted by Voice Vote.**

**Senate Resolution 206** (Waugh) designates the month of November 2009 as “Hydrocephalus Awareness Month” in Pennsylvania. **Adopted by Voice Vote.**

**Senate Resolution 207** (Alloway) designates the week of October 25 through 31, 2009 as “Respiratory Care Week” in Pennsylvania and commends respiratory therapists for their outstanding contributions to health care. **Adopted by Voice Vote.**

**Senate Resolution 208** (Tartaglione) designates October 2009 as “National Physical Therapy Month” in Pennsylvania. **Adopted by Voice Vote.**

**Senate Resolution 209** (Browne) recognizes the week of October 12 through 16, 2009 as “No Place for Hate Week” in Pennsylvania and commends the Anti-Defamation League for its outstanding efforts to promote peace, brotherhood and goodwill through its “No Place for Hate” program. **Adopted by Voice Vote.**

**Senate Resolution 210** (Washington) designates the month of October 2009 as “Bullying Awareness Month” in Pennsylvania. **Adopted by Voice Vote.**

**Senate Resolution 211** (Costa) designates the month of October 2009 as “Italian-American Heritage Month” in Pennsylvania. **Adopted by Voice Vote.**

**House Bill 1416** (D. Evans) is the Supplemental General Appropriation Act of 2009. The proposal sets General Fund spending at \$27.8 billion, which represents more than \$1 billion less than the Governor’s original budget request and nearly \$500 million less than the approved 2008-09 budget total. The spending plan utilizes \$25.17 billion in state funds and \$2.6 billion in federal stimulus funds. Among other highlights, the budget:

- Maintains essential state services and programs without a board-based tax increase;

- Increases basic education spending by \$300 million to \$5.53 billion guaranteeing that all school districts will receive an increase of no less than two percent;
- Maintains funding for special education programs, Accountability Grants, Pre-K Counts, and Head Start Supplemental Assistance at the FY 2008-2009 level;
- Provides \$2 million for Pennsylvania fairs; and,
- Allocates \$60 million for the support of public libraries;
- Provides \$11.54 million in state funds for trauma centers. [Concurrence in House Amendments: 42-7.](#)

[House Bill 1614](#) (Printer's Number 2799 - Belfanti) would amend the Fiscal Code, to provide for implementation of the FY 2009-10 budget, and for other changes. Among other highlights, the provisions of the bill include:

#### General Provisions

*Electronic Filing.* The Department of Revenue could require electronic filing for tax returns prepared by a third party who submits fifty or more returns per year. Notice of the requirement would be published in the Pennsylvania Bulletin at least 60 days prior to the due date. Failure of the preparer to file as required would subject the preparer to a penalty of one percent of the tax due. The Department could waive the filing requirement if the preparer requests a waiver and the Department determines the filing method would cause undue hardship.

*Cigarettes.* For stamping purposes, the term "little cigars" would be added to the definition of "cigarettes." A "little cigar" would be defined as any roll for smoking that weighs not more than four pounds per thousand, with a wrapper made of natural leaf tobacco or of a substance containing tobacco.

*Independent Fiscal Office.* A non-partisan Independent Fiscal Office would be established as an independent agency. The Office would:

- 1) Prepare revenue estimates from all sources, as well as project revenue surpluses or deficits;
- 2) By January 1 of each year, prepare a baseline budget that includes levels of spending necessary to retain current year programs and statutory requirements;
- 3) Provide an analysis of the executive budget and an analysis of all related tax and revenue proposals;
- 4) Develop and use econometric models to annually forecast state revenues;
- 5) By November 15 of each year, provide an assessment of the state's current fiscal condition and for the next five years;
- 6) Monitor state taxes and other receipts;
- 7) Develop performance measures for executive-level programs and departments; and,
- 8) Establish an internet website

By January 31 of each year, the Office would convene a meeting with designated administrative and legislative leaders to discuss economic and revenue issues. By the second week in February, the Office would submit to the General Assembly an initial revenue estimate for the next fiscal year. By June 15 of each year, the Office would submit an official final binding revenue estimate for the next fiscal year, which would represent the maximum amount of tax revenue which could be considered for the General Appropriation Act for the ensuing fiscal year. No changes could be made to the revenue estimate unless changes in statutes affecting revenues and receipts are enacted. If the General Appropriation Act is not enacted by July 1, the Office would be required to prepare a revised revenue estimate by the 15<sup>th</sup> of each succeeding month until a General Appropriation Act is enacted. Following adoption of a General Appropriation Act or a Supplemental Appropriation Act, the Governor would be required to certify that the budget appropriations do not exceed the official final binding revenue estimate.

The Office would provide the Appropriations Committee of the Senate, the Appropriations Committee of the House and the Secretary of the Budget with specific information relevant to the formulation of the projections and revenue estimates. Commonwealth agencies would make specific monthly expenditure data available to the Office and the Governor would make monthly revenue reports to the Office.

A selection and organization committee would be established to organize the Office and select a director. By October 31, 2010, the committee would determine the organizational structure of the Office and the procedures to select the director. By November 30, 2010, the committee would submit a report setting forth the plan to establish the Office, including an operational budget, and to select a director. The director would be appointed based upon qualifications, without regard to political affiliation, for a term of office of six years. The director would be responsible for appointing a deputy director and all personnel necessary to carry out the duties and functions of the Office. The provisions governing the establishment of the Fiscal Office would expire upon the enactment of the General Appropriation Act of 2010.

*Unclaimed Property.* The State Treasurer would be relieved of publishing unclaimed property valued at less than \$250.

*Allentown Arena.* A TIF (Tax Incremental Financing)-style program would be created to fund the Allentown arena. All tax proceeds from the arena and arena complex would be used to pay for the arena debt service.

*Oil and Gas Leasing.* Subject to availability, up to \$50 million would be transferred annually from the existing Fund to DCNR. In FY 2009-10, \$60 million in the existing Fund would be transferred to the General Fund.

*H2OPA.* “Bond fix” language for H2OPA is included as requested by the Budget Office. A total of \$15 million formerly reserved for flood control projects would be made available for high hazard unsafe dams.

*Water and Sewer Bond Fund.* Bond implementation language would be adopted for the \$400 million in PennVEST bonds approved by state referendum.

Budget Implementation

- The Department of Corrections would be required to consider minimum relief factor values to determine staffing levels.
- Transitional funding would be provided for the Scranton School for the Deaf.
- The State Police would be required to hold a public hearing before it closes a barracks.
- PEMA would be required to report on grants awarded for federal disaster and other funds.

State Workers' Insurance Fund

- Language would be added providing for restrictions on the investment of the State Workers' Insurance Fund's statutory surplus.

Executive Offices

- Funds appropriated for public television grants would be equal to the amount for FY 2008-09 or on a pro rata basis.

Transfers to the General Fund

	FY 2009-10	FY 2010-11
Rainy Day Fund	\$ 755,000	
HCPRA	708,000	
Tobacco Endowment Fund	150,000	\$ 250,000
TSF –Prevention and Cessation	17,673	17,673
Oil and Gas Lease Fund	60,000	180,000
MCARE Fund Transfer	100,000	
Auto CAT Fund	44,000	44,000
PAHC4	2,300	
Total	<u>\$ 1,979,973</u>	<u>\$ 491,673</u>

Department of Community and Economic Development

- \$12 million would be transferred from the Small Business First Fund to the Machinery and Equipment Loan Fund.

Department of Education

- Funds received under ARRA would have to be spent in accordance with federal rules.
- School districts would be allowed to reopen their FY 2009-10 budgets to reflect passage of the General Appropriation Act.

- Payments for sight or hearing-impaired students would be limited to not more than \$500 per student.
- Payments to community colleges would be made on a pro rata basis.
- Special Education payments, including those in the Educational Assistance Program, and Accountability Grants would be distributed equal to FY 2008-09 or on a pro rata basis.
- A pool would be created for former employees of the Scranton and Scotland schools for three years following suspension of the employees. Employees in the pool would be offered employment when there is a vacancy in designated school districts. A vacancy could not be filled unless it is first offered to the teachers in the pool.
- The Department of Education would be required to submit a report on the costs to provide educational services to delinquent children committed to nonpublic residential facilities.
- School districts would be required to maintain a certified safety committee under the Workers' Compensation Act.
- Language provides a funding formula for libraries.
- Up to \$4.5 million in undistributed funds could be used to assist school districts certified as "education empowerment districts."
- Provides payment for homebound children.
- Language sets forth the basic education spending formula for FY 2009-10.

#### Department of Environmental Resources

- Funds for the Water Resources Technical Assistance Center would be determined by the Department in cooperation with the Water Conservation Subcommittee of the Statewide Water Resources Committee.
- The appropriation for the Consumer Energy Program would be suspended for FY 2009-10.
- The Department would be authorized to spend the application fees it collected from the solar program under the Alternative Energy Investment Act.

#### Department of Health

- Funds for lupus programs would be distributed in the same proportion as in FY 2007-08.
- Funding for arthritis outreach would be equitably distributed among the various regions of the Commonwealth on a defined ratio basis.
- Funds appropriated for biotechnology research would include \$1.1 million for a regenerative medicine center and \$1.5 million for an institution for hepatitis and virus research.

#### Department of Labor and Industry

- Provides that \$2,153,000 is allocated for a statewide professional service provider association for the blind and \$421,000 to provide specialized services and prevention of blindness services in cities of the first class.

- Provides that funding amounts obligated under the federal “Reed Act” cannot exceed the limits in the Social Security Act.

#### Department of Public Welfare

- TANFBG and CCDFBG cash grants could be transferred to CCDFBG child care services if no deficit results.
- Under medical assistance, no physician referral would be required for chiropractic services.
- Providers who fail to supply information to facilitate a claim could not receive medical assistance capitation funds.
- Community access funds would be distributed under the same formula as FY 2008-09 or on a pro rata basis.
- State-related academic medical centers would be held harmless at the FY 2004-05 funding level if federal funds are not available for FY 2009-10.
- Qualifying universities and affiliated physician practice plans would receive funding at the FY 2007-08 level if supplemental federal funding is not available.
- Medical assistance transportation funds could only be used as a payment of last resort for transportation of eligible medical assistance recipients.
- Language prohibits the “carve out.”
- Funds not used for payments to Level III trauma centers could be distributed to Level I and Level II trauma centers.
- Funds appropriated for breast cancer screening could be used for women’s medical services, including noninvasive contraception supplies.
- Alternatives to abortion funding could be expended to provide services for women until 12 months after birth. Projects receiving funds would not promote, refer or perform abortions.
- Funds appropriated for women’s services programs would be used for women’s medical services, including noninvasive contraception supplies.
- Federal funds appropriated for alternatives to abortion would be utilized solely for women whose gross family income is below 185 percent of the federal poverty guidelines.

#### State Police

- Reimbursements to municipalities for Municipal Police Officers’ Education and Training Commission expenses would be limited to funds available or on a pro rata basis.

#### PHEAA

- Funds would be used for matching payments to maximize receipt of federal funds. Colleges and universities receiving a direct appropriation from the Commonwealth could not participate in the Institutional Assistance Grant program.
- In distributing funds for agricultural loan forgiveness, preference would be given to renewal applicants.

### SSHE/State-related institutions

- Provides language expanding the articulation agreements for SSHE, Community Colleges and State-related Universities.

### Health Care Cost Containment Council

- Requires the Council to submit a report on the proceeds received from the sale of data. The Council would be permitted to use 25 percent of the proceeds with the remainder deposited in the General Fund. (\$2.3 million to the General Fund.)

### Pittsburgh Penguins

- \$5 million is provided to the Pittsburgh Penguins from the PA Gaming Economic Development and Tourism Fund.

### Lottery Fund

- Funds appropriated for PENNCARE could not be utilized for administrative costs by the Department of Aging.

### Judicial Computer System Augmentation Account

- The judiciary would be prohibited from augmenting funds in the account by billing other appropriations to the judicial branch for the computer system.

### Tobacco Settlement

- The current distribution formula for prevention and cessation would be reenacted.
- The strategic contribution payment for FY 2008-09 would be deposited into the Tobacco Settlement Fund (TSF).
- \$15 million from the endowment account would be deposited into the TSF.
- \$10 million from the Health Account would be deposited into the TSF.
- For FY 2009-10, 25 percent of the money appropriated for prevention would remain in the Settlement Fund.
- For FY 2009-10, 33.3 percent of the money appropriated for health investment insurance would remain in the Settlement Fund.
- Money in the TSF would be appropriated for health related purposes.
- For FY 2009-10, 37.5 percent of the money in the TSF would be transferred to the General Fund. The same amount would be transferred in FY 2010-11.
- For FY 2009-10, 100 percent of the funds received in FY 2008-09 would be transferred from the endowment account to the Settlement Fund.
- For FY 2009-10, \$150 million would be transferred from the Tobacco Endowment Account to the General Fund.

- For FY 2010-11, \$250,000 would be transferred from the Tobacco Endowment Account to the General Fund.
- Funding for local programs under the Tobacco Settlement Act would be allocated with 30 percent to primary contractors allocated equally among each of the 67 counties. The remaining 70 percent to local contractors would be allocated on a per capita basis formula.

#### Community Health Reinvestment

- The account to receive funds from the Blues under the 2005 contract between the Commonwealth and certain Blues entities would be maintained and the monies in the account would be appropriated to the Insurance Department.

#### State Gaming Fund

- Language is included to implement the loan of operating expenses of the State Gaming Fund from the Property Tax Relief Reserve Fund. A repayment of the loan is provided for when 11 gaming venues are operational. **Concurrence in House Amendments: 35-14.** *(Note: House Bill 1614, Printer's Number 2782 passed the Senate on Friday. The House of Representatives amended the bill to modify certain dates related to the Independent Fiscal Office, the Senate then concurred in the changes later the same day in House Bill 1614, Printer's Number 2799.)*

#### *Executive Session*

Nominations to Various Boards and Commissions. **Confirmed: 49-0.**

(2009-143)