

PA Budget Update: Lawmakers Send Entire Budget Package to Governor

A nearly \$34-billion state budget package was sent to Governor Tom Wolf's desk. After a last minute blow-up over the bill that directs school funding last night, the state House returned to Harrisburg today for a quick and amicable session. To reconcile and allow the school code funding bill to run clean, the career and technical education programs language sought by the House Democrats was amended into a different school code bill that is expected to be considered by the Senate this Fall.

Here is a look at the significant budget-related bills sent to Governor Wolf's desk:

General Appropriations/Budget Bill

- **HB 790** ([Text](#)) ([Spreadsheet](#))

Fiscal Code Bill

- **SB 712** ([Text](#)) ([Summary](#)) - An important companion to the state budget that directs how budget dollars are spent, provides for the transfer of funds and also addresses issues pending in the Legislature.

Election Code Bill

- **SB 48** ([Text](#)) ([Summary](#)) – Provides for a decertification of voting equipment process; a voter's right, option and convenience to vote straight-party; a reduction in the number of ballots that counties are required to print for each election; absentee ballot deadlines and voting system bonds.

Human Services Code Bills

- **HB 33** ([Text](#)) ([Summary](#)) – Eliminates the general assistance cash benefit program, revises definitions in the statewide hospital assessment, extends the Philadelphia hospital assessment and extends the Medical Assistance Day One Incentive payments for non-public nursing homes.
- Human Services Code bill: **SB 695** ([Text](#)) ([Summary](#)) – Provides for an analysis of nonemergency medical transportation and other human services transportation programs; provide for an analysis of a uniform Statewide preferred drug list; and extends the Nursing Facility assessment and the Intermediate Care Facilities for Persons with an Intellectual Disability assessment.

Administrative Code Bill

- **HB 1461** ([Text](#)) ([Summary](#)) – Expands the list of criminal offenses the Office of State Inspector General has the power to investigate and may file criminal charges against when a violation is found. Provides for Federal Tax Background Checks; Center for Rural Pennsylvania; Statewide Radio Network Contract Review; Budget Implementation - Supplemental Appropriations; Vehicle Dealer Licensing Fee; Revenue Estimates Prepared by the Independent Fiscal Office; Joint Underwriting Association Accountability; Bureau of Occupational and Industrial Safety Fees; and Pennsylvania Commission on Sentencing.

Tax Code Bill

- **HB 262** ([Text](#)) ([Summary](#)) – **SUT Amendments:** Marketplace Sales and Wayfair court decision; Manufacturers of malt or brewed beverages (Brew Pubs); Vendor absorption of tax and advertising; Exemption for food and beverages sold by Nonprofits that support Youth Centers; Exemption for food and beverages sold by Volunteer Firemen's Organizations; and Exemption for building materials and supplies used in the construction of agricultural animal housing facilities. **PIT Amendments:** Conformity with Federal Opportunity Zones; Exclusion for Olympic medals and prize money; Veterans' Trust Fund Check-off; Income tax reporting for estates and revocable trusts; and Paid tax preparer Federal ID

number requirement. **CNIT Amendments:** Manufacturing Innovation and Reinvestment Deduction Program. **Realty Transfer Tax Amendments:** Exemption for sale of property to a beginner farmer; and Transfer to the PA Housing Affordability and Rehabilitation Enhancement Fund (PHARE). **Tax Credits:** Film Production Tax Credit; Entertainment Economic Enhancement Program (Concert and Rehearsal Tax Credit); Resource Enhancement and Protection Tax Credit (REAP); Historic Preservation Incentive Tax Credit; Coal Refuse Energy and Reclamation Tax Credit (Waste Coal); Tax Credit for New Jobs (Job Creation Tax Credit); City Revitalization and Improvement Zones (CRIZ); Rural Jobs and Investment Tax Credit; Neighborhood Assistance Tax Credit; Keystone Opportunity Zones (KOZ); and Mixed-Use Development Tax Credit. **Other:** Inheritance Tax; Table Games Tax; Strategic Development Areas (SDA); Computer Data Center Equipment Incentive Program; and Independent Public Schools (charter schools shall be entitled to the same governmental tax immunity as a school district).

School Code Bills

- **HB 1615** ([Text](#)) ([Summary](#)) – Directs school funding - - Provides for Special Education Funding Commission; School District Report; PLANCON Moratorium; School Superintendent Qualifications; Compulsory School Age; School Food Programs; Recovery Schools; Innovation School Programs; Community College Funding; EITC; Sexual Harassment and Sexual Violence Policy and Online Reporting; Ready-to-Succeed Scholarships; State Aid for Libraries; Career and Technical Funding; Basic Education Funding and Social Security Payments to School Districts; Special Education Funding - Intermediate Unit Funding; Use of Undistributed Funds; Ready-to-Learn Block Grants; Foster Child Tuition and Fee Waiver; Pennsylvania System of School Accountability and Truancy; and Advanced Placement and International Baccalaureate Exams.
- **SB 144** ([Text](#)) ([Summary](#)) – Establishes the Keystone Telepresence Education Grant Program and makes other changes related to school safety and security in the Public School Code.
- **SB 700** ([Text](#)) ([Summary](#)) – Provides for Public Higher Education Funding Commission; and Plan Con.
- **SB 621** ([Text](#)) ([Summary](#)) – Makes changes concerning School Security. Most changes involve school security personnel, such as school police officers, school resource officers and school security guards

The compromise budget plan boosts aid to public schools and universities, makes another investment in school security, [bolsters the state's agricultural industry](#), provides [dollars for new voting machines](#), holds the line on taxes, and puts cash into reserve. It does not increase tax rates on sales or income, the state's two biggest sources of revenue, and deposits nearly \$300 million into the state's so-called rainy day fund, for the first time in years. While the budget is touted as a 1.8 percent increase in spending compared to the current year, conservative groups say the spending increase is much higher than that when compared to what lawmakers approved a year ago, before adding supplementals and transfers.

The spending plan includes \$160 million more in funding for K-12 education (*Note: School Social Security payments are rolled into the Basic Education Funding line-item*), an additional \$50 million for special education, \$60 million for School Safety grants, an additional \$10 million in support of career and technical education, \$25 million more for early childhood programs, and an extra \$25 million for a program that provides tax credits to businesses that donate money for scholarships to private schools for needy students. It also provides 2 percent increases in funding for the four state-related universities — Temple, Pennsylvania State, Pittsburgh, and Lincoln; and a 2 percent funding bump for community colleges. \$4 million is dedicated to Pennsylvania Fairs; nearly \$17.34 million for marketing to attract tourists to Pennsylvania; and \$3 million for Lyme Disease (\$500,000 of this amount is dedicated for costs related to free tick testing).

The budget package does not include an increase in the state's minimum wage, a key goal for Democrats. Governor Wolf had proposed raising it to \$12 an hour on July 1, up from the federal minimum of \$7.25 an hour, with incremental increases after that; does not include money for higher teacher salaries. Wolf proposed raising

the minimum salary for public school teachers and similar professional employees from \$18,500 a year to \$45,000 a year -- all paid for with state money; does not impose a per person fee from municipalities that do not have their own full-time police force and instead rely solely upon state police for coverage. Wolf had proposed a sliding-scale fee based on a municipality's population to raise \$103 million; does not restructure how the state calculates corporate profits to adopt "combined reporting" or reduce the corporate net income tax rate. Wolf had proposed both; does not impose a tax on Marcellus Shale natural gas drilling to fund a \$4.5 billion borrowing program that Wolf had proposed separate from the state budget to pay for upgrades to infrastructure and development projects; does not authorize the state to join a regional consortium that sets a price and caps on greenhouse gas emissions from fossil fuel-fired power plants; and does not impose Wolf's new tax on cost-effective, community-based surgery centers.

Pennsylvania's 2019-20 fiscal year starts July 1.

With the budget wrapped-up, lawmakers are in recess for the summer break and will return in mid-September. The state House returns **September 17** and the state Senate on **September 23**.

Catharine M. Conner

Senior Associate

(O) [717.232.5322](tel:717.232.5322) | (C) [717.649.4908](tel:717.649.4908)

Milliron Goodman • Government Relations

200 North Third Street, Suite 1500

Harrisburg, Pennsylvania 17101

