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Water Utility Council of the
PA-Section, American Water
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GOVERNMENT RELATIONS UPDATE

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*PA- Section, American Water Works Association
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Governor Wolf Issues a Statement on Vetoing the Republican Budget

Governor Wolf released the following statement:

"Despite repeated efforts by my administration to work with Republican leaders to find compromise, including over the last couple days, Republican leaders are once again insistent on passing another irresponsible and unbalanced budget that does not fund our schools or fix the deficit.

"This is further indication that the Republican leaders have no intention of working together with me to produce a final budget. This is the third time they have attempted to pass an unbalanced budget with no consultation with the administration. This is simply unproductive and a waste of taxpayer resources.

"The math in the latest version still does not work. Even using the Republicans' questionable math and assumptions, the budget creates a \$1.6 billion deficit that will prompt massive cuts to

education, teacher layoffs, higher property taxes, and cuts to vital programs for seniors. This budget not only does nothing to address Pennsylvania's challenges, but by continuing to kick the can down the road, it further exacerbates our problems.

"In its current form, I will veto this budget, and I urge Republicans in the legislature to stop the partisan games and come back to the table to negotiate a final budget that funds our schools and eliminates the nearly \$2 billion deficit. I look forward to working with both parties in the legislature to finally end this impasse, fix our schools, and eliminate the deficit."

Source: Governor's Press Office, 3/16/2016

Senate Votes to Restore Wolf's Cuts to Schools, Agriculture

On March 16, 2016, the State Senate voted to restore funding to a number of programs that were vetoed by Governor Wolf in December, including critical funds for education, agriculture and rural hospitals, according to Senate Republican Leaders.

The supplemental budget passed today would increase state support for education by \$200 million and restore much of the \$6 billion in funding eliminated by the Governor's line-item vetoes. The \$30.031 billion spending plan would utilize existing revenues without the need for a tax increase.

Passage of the budget is crucial because it finally allows Pennsylvania to move beyond the nine-month budget impasse and begin working in earnest toward a responsible budget for next year.

Basic Education will see \$5.95 billion in funding, an increase of \$200 million from Fiscal Year 2014-15. The total also represents a \$50 million increase over the funding vetoed by the Governor.

HB 1801 reverses the Governor's line-item vetoes of funding for community colleges and the State System of Higher Education, while providing full funding for Pennsylvania's state-related universities: Penn State, Pitt, Temple and Lincoln.

The bill would provide funds to preserve programs such as agricultural extension and research and 4-H that are currently in jeopardy since they were defunded by the governor.

Senate Leaders offered the following statements on the passage of the budget, which now returns to the House of Representatives for concurrence on Senate amendments.

Senate President Pro Tempore Joe Scarnati (R-25): "Today's vote took an important step to close the 2015-16 budget impasse which has now entered its ninth month. I am pleased that we are finally completing this budget year without raising taxes on Pennsylvania's hardworking residents. The supplemental budget passed by the Senate today will provide our schools, agriculture programs, critical access hospitals and many other worthwhile programs with the funding they need to keep their doors open. Governor Wolf's desire to create a crisis by line item vetoing funding last December was completely inappropriate. It is long past time to close the 2015-16 budget and move on to working to provide a timely and responsible budget for 2016-17."

Senate Majority Leader Jake Corman (R-34): "We are in an emergency situation. Let's stop looking at what this budget isn't and focus on what it is. This budget is \$200 million new dollars for education and keeps our schools from closing their doors. It restores the funding for our agricultural community and means Penn State won't lay off 1,100 employees.

Rural hospitals receive their funding as do regional cancer centers, poison control facilities and more. This plan gets our communities the money they desperately need without the tax increases the Governor so desperately wants."

Senate Appropriations Committee Chair Pat Browne (R-16): "We cannot continue down the path we are on where schools are facing the real prospect of being forced to close and where vital non-profits and social service organizations are unable to keep their doors open and operating. We have a fundamental and constitutional responsibility to provide funding to these critical state programs and services. This supplemental 2015-16 appropriations budget restores most of the Governor's line-item veto cuts from December and provides increased funding for education, restores funding to correctional facilities and social service agencies and does so without raising taxes on our hard-working families and job creators."

Senate Majority Whip John Gordner (R-27): "I am pleased the Senate has acted to restore funding to our schools, agricultural community, rural critical access hospitals and other vital programs. This responsible budget reverses the punitive cuts inflicted by Governor Wolf through his line-item vetoes and at the same time increases public school funding by \$200 million without raising a single tax."

Source: Senate Republican Communications, 3/16/2016

Turzai Issues Statement on Passage of 2015-16 State Budget Supplement

Speaker of the House Mike Turzai (R-Allegheny) issued the following statement:

"On March 16, 2016, the House of Representatives passed a \$6.05 billion supplement to finalize the Commonwealth's 2015-16 budget, which will keep schools open and government functioning - all without the need to raise taxes. The legislation is now in the hands of Gov. Tom Wolf.

"The final budget will spend \$30.03 billion in total, fully funding every aspect of state government and providing record investments in K-12 education and services to aging and vulnerable populations.

"Finalizing the 2015-16 budget will allow lawmakers to make responsible budgeting decisions in the forthcoming fiscal year. Furthermore, containing state spending within existing revenues will have a positive impact on the Commonwealth's credit rating.

"I strongly encourage the governor to sign the budget supplement in its totality to finally close the 2015-16 budget. Only with enactment of this budget supplement can the Legislature proceed to responsibly address the 2016-17 budget."

Source: Representative Mike Turzai Press Release, 3/16/2016

Governor Wolf Outlines "Government that Works" Reform Plan

On March 17, 2016, Governor Wolf outlined his "Government that Works" Reform Plan which calls for the banning of gifts, contracting reform, increasing lobbying oversight, and increasing transparency.

"Since taking office, I've taken significant steps forward in making our government more open and transparent," said Governor Tom Wolf. "However, special interests still wield too much power and influence in Harrisburg, which is one of the reasons why it has been, and continues to be, broken. We need to take on the special interests and status quo,

and that starts with passing a ban on gifts for all public officials, contracting reform, increasing lobbying oversight, and increasing transparency across all of government."

Last year, Governor Wolf took several actions to reform government in Pennsylvania and restore public trust in their government. He signed executive orders banning gifts and reforming legal contracting. He implemented policies of posting his calendar and expenses - along with the expenses of his cabinet secretaries - online. Today, Governor Tom Wolf is calling for a number of reforms that would increase transparency and accountability across all of state government.

Institute a gift ban for all public officials.

Governor Wolf is calling for a gift ban that applies across all of government and builds on his administration's executive order to ban gifts.

The governor's Gift Ban Executive Order prohibits executive branch employees from accepting gifts from any person who has business with or is regulated by the commonwealth.

Many boards and commissions – including the PLCB and the Turnpike Commission – have implemented a gift ban, but more action is needed to make a ban permanent and to apply it broadly across government in Pennsylvania government.

Pennsylvania is one of ten states with no specific law on limits on gifts to public officials, who are free to take any gift—including cash—so long as the gift is disclosed.

The priority for the governor is a gift ban that curtails the ability of special interests to influence public officials with gifts and restores public trust in their government. Regardless of what becomes law, the governor will keep his executive order in place, but he wants a law that allows a gift ban to exist past his administration.

Require disclosure of the amount of compensation received by public employees from outside employment and ban paid service on corporate boards.

In Pennsylvania, some public officials earn income outside of their duties in public service.

Officials are currently required to disclose sources of outside income, but not the amount paid, or any information about the work that was performed.

Governor Wolf wants to ensure all public employees disclose the amount of compensation they receive from outside employment, within specified bands.

Implement broader “pay-to-play” provisions requiring the disclosure of campaign contributions made by parties seeking contracts.

We also need new requirements related to disclosure of campaign donations in connection with state contracts.

The governor supports efforts that would require businesses that have been awarded contracts to disclose all political contributions made by its officers and employees during the preceding year. These disclosures would be posted on the Department of State website.

Fifteen states and the City of Philadelphia require disclosure of campaign contributions for those seeking public contracts. There have been several proposals in recent legislative sessions that would require companies bidding for state contracts to disclose campaign contributions and prohibit the awarding of a contract for specified types of procurement unless the contractor included with its bid response all contributions made in the past two years.

Increase the Department of State’s ability to review lobbying disclosures and make referrals to the Ethics Commission.

Governor Wolf will increase staffing at the Department of State to crack down on lobbyists by randomly reviewing lobbying disclosure filings for completeness and accuracy. Lobbying disclosure auditors would be tasked with initial compliance oversight of all filed returns, and upon either a failure to disclose, or material defect in either the reporting requirements or expense accounting, the

auditors would have authority to conduct further forensic audits of the lobbyist or principal’s records to verify the accuracy of the information provided.

As required by the Lobbying Disclosure Law, every year the Department of State randomly selects 3% of all completed registrations and expense reports for audit by an outside CPA firm. The audit consists of finding any possible violations of the Lobbying Disclosure Act with respect to lobbying registrations and expenses, and includes compliance testing and financial review.

The results of these audits are exempt from the Right to Know Law and are not published, preventing the public from knowing whether lobbying laws have been violated. In addition to strengthening internal processes for detecting incomplete filings, the governor supports removal of this exemption.

In Maryland and Virginia, lobbying disclosure registrations and expense reports are reviewed upon receipt for compliance and accuracy by in-house legal and program staff. Initial discrepancies can trigger further review into past filings over the last few registration periods. In South Carolina, any failure to comply with the disclosure requirements may trigger an audit by that state’s ethics commission.

Enact strong campaign finance reform.

Pennsylvanians need to have confidence that decisions made by their government are the product of a robust competition of ideas, not rewards for the special interests with the deepest pockets.

Governor Wolf supports strong campaign finance reform that would for the first time place limits on contributions to candidates seeking elected office, implement aggregate limits for races, place sensible restrictions on Political Action Committees (PACs), and strengthen reporting and disclosure requirements across the board. In addition, the prohibition of the use of campaign funds for personal expenses, including legal fees.

Pennsylvania is currently one of only twelve states that impose no contribution limits on individual donors. By enacting strong new

campaign finance measures, we can help restore confidence in government, and curtail the role of campaign spending in our political process.

Source: Governor's Press Office, 3/17/2016

Harper Bill to Boost Local Government Investment Options Heads to Governor's Desk

In an effort to help Pennsylvania's local government entities cope with a tough economy, Rep. Kate Harper's (R-Montgomery) bill to expand their investment options was approved by the Senate this week and sent to the governor's desk for his signature.

"This legislation would give our cities, boroughs, townships, counties, school districts and municipal authorities more options while also protecting taxpayers against risky investments," Harper said. "It also would ensure they have the opportunity to work with local banks to keep funds invested in their own communities."

Under [House Bill 1296](#), local government entities would be authorized to invest in common, high-quality money market instruments, such as repurchase agreements, commercial paper, negotiable certificates of deposit and bankers' acceptances. Harper noted that these types of investments are permitted in several other states.

The bill also includes an annual reporting requirement that would apply only to local government investment trusts or pools. The report, which would be submitted to the Department of Community and Economic Development, would include information about activity on newly authorized investments, as well as any fees related to purchase and the name of the party receiving the fee.

The bill is supported by, among others, the Pennsylvania State Association of Boroughs, Pennsylvania State Association of Township Supervisors, Pennsylvania State Association of

Township Commissioners, Pennsylvania Municipal League, Pennsylvania Municipal Authorities Association and Pennsylvania Association of School Administrators.

Source: Representative Kate Harper Press Release, 3/17/2016

DEP Secretary Reiterates Need for Major Technology Investment before Senate Panel

DEP Secretary John Quigley testified before members of the newly formed Senate Subcommittee on Infrastructure, Environment and Government Operation on March 14 to talk about Governor Tom Wolf's 2016-17 proposed spending plan for the agency.

The Senate Appropriations Committee has created four subcommittees with specific department focuses, each with a Majority Chair and Minority Chair. Their purpose is to more thoroughly review department and agency spending.

Secretary Quigley answered questions about the governor's proposed severance tax on natural gas, the solvency of DEP's 12 special funds, and the success rate of DEP's Permit Review Process and Permit Decision Guarantee. But much of the discussion centered on DEP's need for a significant investment in information technology to allow the agency to meet its mission.

"Agency staff are using antiquated tools to permit and monitor industries equipped with 21st Century technology," Secretary Quigley said.

Click [here](#) to view the hearing.

Source: DEP News, 3/17/2016

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