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GOVERNMENT RELATIONS UPDATE

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Revenue Department Releases April 2019 Collections

Pennsylvania collected \$4.4 billion in General Fund revenue in April, which was **\$464.7 million, or 11.8 percent, more** than anticipated, Revenue Secretary Dan Hassell reported on May 1, 2019. Fiscal year-to-date General Fund collections total \$29.2 billion, which is **\$828.2 million, or 2.9 percent, above estimate.**

Since the start of the 2018-19 fiscal year, overall tax revenue is **\$1.8 billion, or 6.9 percent, more** than was collected in the same period of the last fiscal year.

Sales tax receipts totaled \$974.9 million for April, \$43.2 million above estimate. Year-to-date sales tax collections total \$9.2 billion, which is \$273.9 million, or **3.1 percent, more than anticipated.**

Personal income tax (PIT) revenue in April was \$2.5 billion, \$330.5 million above estimate. This brings year-to-date PIT collections to \$11.9 billion, which is **\$40.6 million, or 0.3 percent, below estimate.**

April corporation tax revenue of \$386 million was \$89.7 million above estimate. Year-to-date corporation tax collections total \$4.6 billion, which is **\$543.3 million, or 13.5 percent, above estimate.**

Inheritance tax revenue for the month was \$93.3 million, \$6.2 million below estimate, bringing the year-to-date total to \$855.3 million, which is **\$24.2 million, or 2.7 percent, below estimate.**

Realty transfer tax revenue was \$49.9 million for April, \$6.1 million above estimate, bringing the fiscal-year total to \$433.4 million, which is **\$21.2 million, or 4.7 percent, less than anticipated.**

Other General Fund tax revenue, including cigarette, malt beverage, liquor and gaming taxes, totaled \$148.8 million for the month, \$0.3 million below estimate and bringing the year-to-date total to \$1.4 billion, which is **\$0.9 million, or 0.1 percent, above estimate.**

Non-tax revenue totaled \$240.4 million for the month, \$1.7 million above estimate, bringing the year-to-date total to \$768.7 million, which is **\$96 million, or 14.3 percent, above estimate.**

In addition to the General Fund collections, the **Motor License Fund** received \$322.4 million for the month, \$63.6 million above estimate. Fiscal year-to-date collections for the fund - which include the commonly known gas and diesel taxes, as well as other license, fine and fee revenues - total \$2.3 billion, which is **\$55.8 million, or 2.4 percent, below estimate.**

Source: PA Department of Revenue, 5/1/2019

House Fiscal Leadership Leads to Historic Revenue Returns

April revenue figures far outpace projections

House Republicans held the line on state spending over multiple budget cycles, and now those smart fiscal policies are paying off. The House Appropriations Committee says revenue collections for the month of April were more than \$4.4 billion, which is \$465 million more than the Department of Revenue's official estimate. For the 2018-19 fiscal year, general fund collections total \$29.16 billion year-to-date, which is \$828.5 million above the official revenue estimate.

"Our caucus led the way on controlling the growth of state spending and standing up for taxpayers when the governor wanted to raise taxes," said **Rep. Stan Saylor (R-York)**, chairman of the House Appropriations Committee. "But just having more money doesn't mean it's time to spend it. It's vital we continue to focus on controlling spending and creating a long-term surplus to protect taxpayers into the future."

Corporate tax, personal income tax and sales tax, in particular collections from internet sales, saw the largest increases in overall revenue with each of them coming in well above official estimates from the Department of Revenue.

"Our commitment to opposing unfair and burdensome taxes on hard-working Pennsylvanians is proving to be the right move for our Commonwealth," said **Majority Leader Bryan Cutler (R-Lancaster)**. "These revenue numbers are just one part of the impact of fiscal responsibility and sound policymaking and that work continues today, as the House is working on additional government regulatory reforms that will allow every Pennsylvanian to grow their own version of the American dream."

The House now shifts its focus to passing another fiscally responsible budget ahead of the June 30 deadline, while continuing work this month on "Government Done Right" initiatives.

Lawmakers began moving bills this week to repeal out-of-date laws and reduce overregulation so every Pennsylvanian can benefit from an economy that continues to grow in the right direction.

Source: Rep. Cutler Press Release, 5/1/2019

Senate Republican Leaders Say Sound Fiscal Policies Have Contributed to Healthy PA Revenue Collections

PA revenue collections have soared to a healthy surplus, thanks in part to Republican economic policies that have focused on holding down spending and rejecting proposed tax increases, according to Senate Republican leaders. At a news conference today at the state capitol, Senate President Pro Tempore Joe Scarnati (R-25), Senate Majority Leader Jake Corman (R-34) and Senate Appropriations Committee Chairman Pat Browne (R-16) said Republicans' commitment to fiscal restraint, rather than supporting massive spending increases and higher taxes proposed by the governor, has improved Pennsylvania's financial position and kept more money in taxpayers' pockets.

Senate President Pro Tempore Joe Scarnati (R-25): "The Republican Legislature in Pennsylvania has stood together to prevent the massive tax increases of Governor Wolf and previously of Governor Rendell from becoming reality. These strong revenue numbers that we now see are a true testament to our longstanding goal of fiscal responsibility. The key to the future success of our Commonwealth is continuing to create a robust economy that allows increased job opportunities and growth, while also doing all that we can to protect hardworking taxpayers."

Senate Majority Leader Jake Corman (R-34): "Under Republican leadership, Pennsylvania has weathered a fiscal storm of recent years and we are now reaping the rewards of those efforts. Today, as we have revenue collections that are more than \$800 million over estimate, we remain committed to maintain those fiscal policies that have gotten us to

this point. Just because the economy is flourishing under Republican economic policies, we do not believe it gives us a blank check to spend taxpayer dollars carelessly. We remain steadfast in our commitment to fiscal restraint including holding the line on spending while fending off proposed tax increases."

Senate Appropriations Chair Pat Browne (R-16): "The Commonwealth's current financial position is stronger than it's been in a decade. Thanks in large part to years of financial discipline by the General Assembly along with improvements in the state's economy, we are able to project, assuming historic spending trends, positive fiscal balance for the current and foreseeable future years. However, given the past challenges the state has faced and the potential for an economic downturn in the future, **it is critical that we remain vigilant when setting a spending number this year and that we consider the financial disaster the Commonwealth would face if we deplete all of our reserves and actual revenues again fail to outperform projections.**"

Source: Senate Republican Communications, 5/1/2019

House Vote to Cut Red Tape Big Relief for PA Small Businesses

Unnecessary regulations slowing growth with added costs and paperwork

The state House passed four bills to cut government red tape that, if signed into law, will offer needed relief to small businesses across Pennsylvania. NFIB, an association representing more than 12,500 small businesses in the state, supports the regulatory relief and is grateful to House members who voted to pass the legislation on to the Senate.

"These small businesses don't have a compliance officer on staff to pour through multiple, complex, and confusing regulations when that business owner is already handling just about every management duty," said Gordon Denlinger, state director of

NFIB in Pennsylvania. "Also, the cost of unnecessary regulations is the biggest burden, which can stymie economic growth and result in fewer jobs for Pennsylvania."

There are a million small businesses in Pennsylvania, making up more than 99 percent of Pennsylvania's business community. They employ 2.5 million people and create two out of every three new jobs.

In an NFIB Small Business Research Foundation survey <http://www.411sbfacts.com/files/Regulations%202017.pdf>, half of the respondents said the amount of red tape has grown larger over the last three years. One-quarter consider government regulations a "very serious" problem in operating their business. Survey recipients ranked the cost of compliance as the biggest regulatory concern, followed by the difficulty understanding regulations so they can comply. The time spent filling out extra paperwork was ranked third.

"Cutting the red tape that binds small business could lead to a surge in growth, and that would be great news for the Pennsylvania economy and jobs," added Denlinger. "We encourage the Senate to pass these regulatory relief bills and ask Governor Tom Wolf to sign them into law."

NFIB is grateful to Rep. Kerry Benninghoff (R-Center), Rep. Dawn Keefer (R-York), Rep. Timothy O'Neal (R-Washington), and Rep. Greg Rothman (R-Cumberland), for sponsoring regulatory reform bills. The bills that passed the House today are described below:

House Bill 430 (Benninghoff-R)

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2019&sInd=0&body=h&type=b&bn=430> gives the General Assembly the ability to initiate the repeal of a regulation already in effect by concurrent resolution after a public hearing is conducted. The bill provides a mechanism for the General Assembly to check administrative agencies' implementation of the laws they passed.

House Bill 509 (Rothman-R)

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2019&sInd=0&body=h&type=b&bn=509>

09 requires agencies to post permit information online so the public may track progress, final approval, and the specific reason for any rejection of a permit application. HB 509 provides much-needed transparency in the permitting process so that businesses can better plan and respond to any problems or delays.

House Bill 762 (O'Neal-R)

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2019&sInd=0&body=h&type=b&bn=762> requires agencies to appoint Regulatory Compliance Officers to work collaboratively, rather than punitively, with the regulated community, issue advisory opinions, and allow a business that follows the advice not to be penalized. This proposal provides a specific touchpoint where small businesses can work with regulatory agencies to comply without fear of reprisal if they misunderstand or inadvertently misinterpret a rule.

House Bill 806 (Keefer-R)

<https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2019&sInd=0&body=h&type=b&bn=806> requires regulations with an impact to the Commonwealth of more than \$1 million to be approved by concurrent resolution of the General Assembly after a public hearing. HB 806 provides accountability for rules with the biggest financial impact on the state by asking elected leaders to review and approve them before they go into effect.

Source: NFIB Press Release, 4/30/2019

Governor Wolf Agrees: We Must Continue to Shore up the Commonwealth's Rainy Day Fund

This week, the Department of Revenue announced that April revenues exceeded estimate, continuing a trend that has occurred over the Fiscal Year. With stronger revenue growth, Governor Tom Wolf remained committed to work with legislative leaders to build up budget reserves, and expressed a willingness to discuss using all excess revenue to grow

Pennsylvania's Rainy Day Fund, which is among the smallest in the country.

"Last year, we made the first Rainy Day Fund deposit in more than a decade, and with strong revenue growth, along with legislative leaders I remain committed to saving for our future," said Governor Wolf. "After taking care of our mandatory expenses and investments in schools and other critical services, I believe we should even consider putting all surplus revenue in the Rainy Day Fund. We have the opportunity to protect the Commonwealth and taxpayers from future economic downturns and I look forward to engaging with the General Assembly on achieving this shared goal."

After last year's deposit, Pennsylvania's Rainy Day Fund stands at \$22 million. In 2009, the Rainy Day Fund was \$755 million before the money was used to make up for revenue shortfalls during the recession. Pennsylvania's current Rainy Day Fund can sustain Commonwealth operations for only a few hours while average state reserves can support operations for more than 20 days

Source: Governor Wolf's Press Office, 5/3/2019

'PA One Call' Disciplinary Actions Announced Against Facility Owners, Excavators and Project Owners Involved in Cases across PA

The 'PA One Call' Damage Prevention Committee (DPC) this month filed 77 disciplinary actions resulting in approximately \$57,775 total fines against 37 facility owners, excavators and project owners.

A comprehensive list of summaries and actions

http://www.puc.pa.gov/transport/gassafe/pdf/DPC_Agendas/2019/DPC_Case_Summaries040919.pdf from the DPC meeting in Harrisburg is available on the Public Utility Commission's (PUC's) website. Fines are payable to the Commonwealth of Pennsylvania. The Commission will offset the costs

of administering this program through the fines collected.

Digging Safety – PA One Call

Every year, underground lines across the state are struck more than 6,000 times – which means that during the average workday a pipeline or other vital utility system is hit every 20 minutes. While underground lines are often “out of sight and out of mind,” every hit poses a risk to the contractors and homeowners who are doing the digging; to utility workers and emergency responders who are mobilized when lines are struck; and to bystanders who live, work or travel near the locations of the incidents.

State law requires contractors and residents to contact **PA One Call** <http://www.pa1call.org/> at least three business days prior to excavation – triggering alerts to all utilities within an intended digging area and prompting utilities to mark where their facilities are located. Pennsylvanians can dial 8-1-1 to connect with the One Call system, while out-of-state residents or businesses can call 1-800-242-1776.

About the DPC

The DPC is part of the PUC’s independent Bureau of Investigation and Enforcement, which also includes the Pipeline Safety Division.

Modeled after successful programs in other states, the **focus of the committee** http://www.puc.pa.gov/utility_industry/transportation/pipeline_safety/pa_one_call_enforcement.aspx is a reduction in the number of “hits” on underground utilities.

The DPC meets regularly to review alleged violations of the Act and makes determinations as to the appropriate response including, but not limited to, the issuance of warning letters or administrative penalties. The committee holds public meetings in Hearing Room 1 of the Commonwealth Keystone Building, Harrisburg, and each of the meetings is livestreamed on the **PUC’s website** http://www.puc.pa.gov/about_puc/live_streaming_video.aspx.

Creation of the committee was authorized by **Act 50 of 2017**

http://www.puc.pa.gov/about_puc/press_releases.aspx?ShowPR=3918 , which enhances Pennsylvania’s Underground Utility Line Protection Act – also known as the “One Call Law.”

About the Bureau of Investigation & Enforcement

As the independent investigation and enforcement bureau of the PUC, I&E enforces state and federal pipeline safety and motor carrier safety laws and regulations and represents the public interest in ratemaking and service matters before the PUC’s Office of Administrative Law Judge. I&E has the authority to bring enforcement action, seek emergency orders from the Commission or take other steps to ensure public safety.

Source: PUC Press Release, 4/30/2019

Small Water Systems Technical Assistance Center Board Meeting Cancellation

The May 14, 2019, meeting of the Small Water Systems Technical Assistance Center Board has been **cancelled**. The next regular meeting is scheduled for Thursday, August 8, 2019, at 9 a.m. in the Rachel Carson State Office Building, Harrisburg.

Questions concerning the August 8, 2019, meeting should be directed to Dawn Hissner, Bureau of Safe Drinking Water, at dhissner@pa.gov or (717) 772-2189. The agenda and meeting materials will be available through the Public Participation tab on the **Department of Environmental Protection's website** <https://www.dep.pa.gov/Pages/default.aspx> .

Source: Pennsylvania Bulletin, 5/4/2019
<https://www.pabulletin.com/secure/data/vol49/49-18/668.html>

IRRC Approves PUC # 57-315: Standards and Billing

Practices for Residential Public Utility Service

On February 6, 2017, the Independent Regulatory Review Commission (IRRC) received this proposed regulation from the Pennsylvania Public Utility Commission (PUC). This final-form regulation implements amendments made in Chapter 14 of the Public Utility Code by Act 155 of 2014. Chapter 14 relates to protecting responsible customers of public utilities. The amendments to the regulation incorporates the language of Act 155 word for word and address protection from abuse court orders, customer protection from disconnections, medical certificates which prohibit disconnections, verification of meter readings, cash deposits, and interest rates. Act 155 expanded the definition of public utility to include small natural gas distribution utility, steam heat utility and wastewater utility.

The proposed regulation was published in the February 18, 2017 Pennsylvania Bulletin with a public comment period ending on April 18, 2017. The final-form regulation was submitted to the Commission on March 18, 2019. On April 18, 2019, IRRC determined that this regulation is consistent with the statutory authority of the PUC (66 Pa.C.S. §§ 501—504 and 1401—1418) and the intention of the General Assembly. Having considered all of the other criteria of the Regulatory Review Act, IRRC found promulgation of this regulation is in the public interest.

Source: Pennsylvania Bulletin, 5/4/2019
<https://www.pabulletin.com/secure/data/vol49/49-18/675.html>

Senator Yudichak's Statement on Lead Exposure Risks and Responses in Pennsylvania: Report of the Advisory Committee and Task Force on Lead Exposure

State Senator John Yudichak (D-Luzerne/Carbon) issued the following statement after the Joint State Government Commission released the report, *“Lead Exposure Risks and Responses in Pennsylvania: Report of the Advisory Committee and Task Force on Lead Exposure”*:

“With the report, we are one step closer to developing a more comprehensive lead assessment and remediation strategy in Pennsylvania. It is now time for the General Assembly to come together and pass the legislative recommendations put forth by the task force so that we can protect Pennsylvanians, especially our children, from the dangers of lead exposure,” said Senator John Yudichak.

The Advisory Committee and Task Force on Lead Exposure was formed after legislation sponsored by Senator Yudichak, SR 33, was approved in 2017. Senator Yudichak will be hosting a press conference on May 7, 2019 at 9:30 a.m. in the Capitol Media Center with members of the Task Force on Lead Exposure to discuss the legislative recommendations in the report.

To read the report, please click here
<http://jsg.legis.state.pa.us/resources/documents/ftp/publications/2019-04-29%20Final%20LEAD%20report%204.29.19.pdf> .

Source: Senator Yudichak Press Release, 4/29/2019

Pennsylvania Releases State Climate Action Plan, Joins U.S. Climate Alliance

On April 29, 2019, Governor Tom Wolf was joined by Representative Steve McCarter, Senator Steve Santarsiero, Senator Jay Costa, Representative Frank Dermody, Department of Environmental Protection (DEP) Secretary Patrick McDonnell, Department of Conservation and Natural Resources Secretary Cindy Adams Dunn, and members of the Climate Caucus to announce Pennsylvania’s membership in the U.S.

Climate Alliance and release the state's new climate action plan.

"We've seen lately even more evidence that there is a need for leadership on climate change. For that reason, Pennsylvania will join the U.S. Climate Alliance, a bipartisan coalition of 24 governors, representing over half of the U.S. population to work to implement policies that uphold the commitments our nation made in the Paris Agreement," said Governor Wolf. "With the federal government turning its back on science and the environment, I am proud to join with states that are leading the way towards new climate solutions, and taking concrete actions to reduce greenhouse gas emissions. States like Pennsylvania must take action to reduce greenhouse gas emissions and protect our communities, economies, infrastructures, and environments from the risks of a warming climate."

The United States Climate Alliance is a bipartisan coalition of governors committed to reducing greenhouse gas emissions. Led by state governments, the alliance facilitates state cooperation to accelerate the deployment of climate solutions to help each state achieve its climate goals.

"I applaud the efforts of the governor and his administration to address the impacts of climate change in the commonwealth head on," said Rep. McCarter. "The Pennsylvania Climate Caucus stands ready to help in any way to advance policy and legislation to meet what is surely humanity's greatest challenge here in Pennsylvania and across the globe."

"When future generations of Pennsylvanians look back at this critical moment in history, I want them to know they were not abandoned," Sen. Santarsiero said. "Entering into the U.S. Climate Alliance and implementing the Climate Action Plan sends a clear message that Pennsylvania is serious about addressing climate change."

In January 2019, Governor Wolf signed an executive order to set Pennsylvania's first statewide climate goals, aiming to reduce greenhouse gas emissions by 26 percent by 2025 and 80 percent by 2050, compared with 2005 levels. The executive order also established the Green Government

Council to ensure that state government offices lead by example to help achieve these goals.

The Pennsylvania Climate Action Plan 2018 <http://www.depgreenport.state.pa.us/elibrary/GetDocument?docId=1451278&DocName=2018%20PA%20CLIMATE%20ACTION%20PLAN.PDF%20%20%20%3cspan%20style%3D%22color:blue%3b%22%3e%28NEW%29%3c/span%3e> is the new state climate plan developed by DEP and state agency partners with recommendations for government leaders, businesses, and citizens to reduce greenhouse gas emissions and adapt to a changing climate.

The plan describes over 100 actions, 15 of which DEP and partners analyzed quantitatively for potential greenhouse gas emissions reduction. The analysis showed that just those 15 actions, such as increasing renewable energy, incentivizing energy efficient buildings, and increasing the use of electric vehicles, would reduce emissions 21 percent by 2025. Any combination of the 85 additional actions would likely achieve even more emissions reductions.

"Perhaps the biggest recommendation of the Climate Action Plan is that a team effort is needed to reduce greenhouse gas emissions in Pennsylvania," said DEP Secretary Patrick McDonnell. "Government leaders must lead by example, and businesses, farms, community organizations, and citizens can all make a difference to fight climate change."

"Trees and forests play an important role absorbing carbon dioxide and reducing greenhouse gas emissions," DCNR Secretary Cindy Adams Dunn said. "We're leading the way to a more resilient and sustainable Pennsylvania by managing forests in new ways, reforesting abandoned mine lands, and planting stream buffers to increase carbon storage."

Pennsylvania Climate Action Plan marks 10 years since state law first required the DEP to develop a climate plan and periodic updates. It's the third update to the first plan, which was published in 2009.

The Climate Caucus is a bipartisan discussion forum for legislators from both chambers and both sides of the aisle to address all manner of issues relating to climate change in Pennsylvania, including jobs, industry, manufacturing, clean air, clean water, specific regional impacts, and others.

For more information on the Pennsylvania Climate Action Plan 2018, visit <https://www.dep.pa.gov/Business/Energy/OfficeofPollutionPrevention/climatechange/Pages/default.aspx>.

Source: Gov. Wolf Press Release, 4/29/2019

Mako Bill to Help Municipal Authorities Prevent Fraud, Misuse of Funds Signed into Law

Earlier this week, the governor signed into law legislation authored by Rep Zach Mako (R-Lehigh/Northampton) to require municipal authorities to create additional financial protections when collecting money.

"I'm thrilled that my first bill signed into law is this one," Mako said. "It is vitally important that we have accountability in government. This new law will allow water and sewer customers to know that their hard-earned money is used as intended. Unfortunately, too many times we have seen cases where illegal activity has occurred in our society."

Act 4 of 2019

<https://www.legis.state.pa.us/cfdocs/legis/li/uconsC heck.cfm?yr=2019&sessInd=0&act=4> makes municipal authorities remove any individual names from municipal accounts, creates a standardized procedure for the handling of an authority's funds, and requires annual audits and fiscal reports to be presented to the authority board.

Most of the law goes into effect in 90 days. The reporting component goes into effect in 180 days.

The 183rd District includes South Whitehall (part), Washington and Whitehall (part) townships

and Slatington Borough in Lehigh County. It also consists of Allen, Lehigh and Moore (part) townships, and North Catasauqua, Northampton and Walnutport boroughs in Northampton County.

Source: Rep. Zachary Mako Press Release, 5/3/2019

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