

Malady & Wooten, LLP

Legislative Report
December 13, 2013

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Pennsylvania Golf Course Owners Association

LEGISLATIVE UPDATE

Session Schedule:

2013 HOUSE SESSION SCHEDULE

December	16, 17, 18 (NV)
January	7 (NV), 13, 14, 15, 27, 28, 29
February	3, 4, 5
March	10, 11, 12, 17, 18, 19, 31
April	1, 2, 7, 8, 9, 28, 29, 30
May	5, 6, 7
June	2, 3, 4, 9, 10, 11, 16, 17, 18, 19, 23, 24, 25, 26, 27, 28, 29, 30

2013 SENATE SESSION SCHEDULE

January	7, 13, 14, 15, 27, 28, 29
February	3, 4, 5
March	10, 11, 12, 17, 18, 19, 31
April	1, 2, 7, 8, 9, 28, 29, 30
May	5, 6, 7
June	2, 3, 4, 9, 10, 11, 16, 17, 18, 19, 23, 24, 25, 26, 27, 28, 29, 30

PENNSYLVANIA BULLETIN ANNOUNCEMENTS

SUSQUEHANNA RIVER BASIN COMMISSION Notices

[Actions taken at September meeting](#)

SENATE PASSES TOEPEL'S OPEN SPACE BILL

HARRISBURG – The Pennsylvania Senate unanimously passed Rep. Marcy Toepel's legislation to provide clarity to Pennsylvania municipalities regarding the type of projects that can be funded by the local option tax levy.

"This bill gives those municipalities that choose to enact an open space tax, the flexibility to use a portion of the tax to maintain and improve the land acquired through the tax," said Toepel (R-Montgomery). "Presently the law lacked clarity regarding the usage of the tax. Also, under current law, this tax may only be imposed through voter referendum; however, there is no mechanism to rescind the tax. This bill corrects that oversight by providing language that would provide an avenue for voters to rescind the tax through a referendum vote if the tax is no longer needed or desired."

[House Bill 1523](#) would amend the Open Space Law to authorize the local taxing option levy to be used for expenses necessary to prepare the resource, recreation or land use plan or for costs associated with the design, engineering, improvement and development of the real property consistent with the approved plan.

Currently, the funds raised from the local option tax can only be used for the purchase of open space land, retiring of debt incurred in purchasing such land and transaction fees related to the purchase, including, but not limited to, the cost of appraisals, legal services, title searches and insurance, document preparation, closing fees and survey expenses.

This legislation has garnered the support of the Pennsylvania State Association of Boroughs, Pennsylvania State Association of Township Supervisors, Pennsylvania State Association of Township Commissioners, Pennsylvania League of Cities and Municipalities, and the Pennsylvania Land Trust.

House Bill 1523 now heads to the governor's desk to be signed into law.

SENATE REPUBLICANS AND DEMOCRATS JOIN TO DISCUSS PROPERTY TAX RELIEF

Harrisburg – Dec. 10, 2013 – Homeowners and community members today discussed the current property tax system with a bipartisan state Senate panel, focusing on alternatives to better meet the needs of property owners, seniors and school districts.

The state Senate Majority Policy Committee and Democratic Policy Committee hosted a joint roundtable discussion at the Capitol to examine ways to reform the state's property tax system to provide relief for those facing tax increases.

Senate Majority Policy Committee Chairman Ted Erickson (R-26) said he is pleased both sides are working together to seek a property tax solution.

"Tackling the outdated property tax system in Pennsylvania is an undertaking that requires broad cooperation," Erickson said. "The calls for change come from every corner of our Commonwealth, and the bipartisan participation today is a key step in the process to make reform a reality."

Sen. Lisa Boscola (D-18), who chairs the Democratic Policy Committee, said this issue has festered for decades, but she is encouraged by recent bipartisanship within the Senate.

"It's not a Democratic issue; it's not a Republican issue. There is plenty of common ground on property tax reform," said Boscola. "Nearly everyone agrees that Pennsylvania's property tax system is outdated and unfair. The only real debate is over how to devise a more equitable system."

One of the new systems proposed – Senate Bill 76 – would shift the property tax burden away from working families and seniors struggling on fixed incomes. The legislation currently has 26 sponsors.

Sen. David Argall (R-29), prime sponsor of Senate Bill 76, said that having an open dialogue with both the proponents and opponents of the legislation was beneficial in clarifying the issues and building support for the legislation.

"This is easily the number one issue I hear about in the six counties I represent," Argall said. "I am committed to eliminating this unfair tax and giving property owners final relief from this crushing and unfair burden."

Sen. Judy Schwank (D-11) agreed that meaningful tax reform should be one of Pennsylvania's top priorities.

"Citizens are fed up with skyrocketing property taxes, and they continue to voice their discontent loud and clear," Schwank said. "Today's testimony will be part of our discussion as the Senate continues to deliberate ways to cut or eliminate property taxes. The time to act is now."

In attendance were Sens. Boscola, Schwank, Erickson, Argall and other members of the policy committees. Others who took part in the discussion included:

- **David Baldinger** , spokesperson, PA Coalition of Taxpayer Associations;
- **Kimberly Skumanick** , president, PA Association of Realtors;
- **Jason Horwitz** , consultant, Anderson Economic Group;
- **Christine Young Gertz, Esq.**, government affairs director, PA Apartment Associations;
- **Joel Rotz** , director of state governmental relations, PA Farm Bureau;
- **Sharon Ward** , executive director, PA Budget & Policy Center;
- **Warren Hudak** , member, National Federation of Independent Business;
- **Gene Barr** , president and CEO, PA Chamber of Business and Industry;
- **John Callahan** , senior director of government affairs, PA School Boards Association;
- **Deborah L. Musselman** , director of government affairs, PA NewsMedia Association;
- **Jason Skrinak** , member, PA Institute of CPAs.

COSPONSOR MEMOS

MEMORANDUM

Posted: December 13, 2013 10:31 AM
From: [Senator Edwin Erickson](#)
To: All Senate members
Subject: Storm Water Authorities

Federal and state regulations impose obligations on local governments to address the problems caused by storm water runoff, including flooding and pollution. Last summer, the Pennsylvania General Assembly approved my Senate Bill 351 as Act 68, which enables local governments to form storm water authorities

to help them satisfy these obligations.

In the near future, I plan to propose a bill that would allow these storm water authorities to establish programs that could save both the authorities and their rate payers money. These programs would allow property owners to reduce their storm water rates and charges by implementing and maintaining storm water best management practices that address their own contributions to the problems caused by storm water runoff. Voluntary participation in these program by property owners should reduce the overall amount of money the authority has to expend to address these problems and satisfy regulatory obligations.

COMMITTEE NEWS

Joint Legislative Conservation Committee

12/9/13, 12:00 p.m., Room 8E-A, East Wing

Eric Jespersen, a member of the Pennsylvania Mapping and Geographic Information Consortium (PaMAGIC), offered a presentation to the committee entitled "Water is the Keystone: Regarding the State Water Plan."

Jespersen said PaMAGIC was created in 1996, and its Water Data Initiative was instituted with the goal of developing a comprehensive and consistent surface water database for the commonwealth. He offered a timeline of the digital and hard copy data used for mapping purposes. Currently, Jespersen said, satellite imagery is taken at a resolution of 1:24,000, with the margin of error being plus or minus 40 feet. He said that is worse than some cell phones can manage, and noted the Marcellus Shale industry has imagery down to hand lengths.

Going back further, Jespersen said the Pennsylvania Water Supply Commission was established in the early 1900s, and the State Inventory Act of 1913 charged the state with making a complete inventory of all the water resources of the commonwealth, and to classify, tabulate, and preserve the same. He went on, noting a large gap of time before the 1960s and 1970s, when Silent Spring was published, the Environmental Protection Agency (EPA) was established, and the Joint Conservation Committee instituted in Pennsylvania in 1969.

From 1975 to 1983 the next water plan was conducted, still using hard copy maps. Jespersen noted the second watershed management areas were based much more on county boundaries than watershed areas, unlike the original maps in 1916. He said the water plans "undoubtedly" have driven work plans, but remarked Reagan-era cuts also had an impact. Around this time, Jespersen said, accuracy was roughly 1:500,000, far more coarse than current technology.

Jespersen detailed the continuing legislative interest in water management over the years, citing committee reports from 1981 on integrated flood mitigation, a 1987 report on water and sewage infrastructure needs, and reports in the 1990s on watershed protection and drought and resource protection.

Through the 1990s, Jespersen said, the EPA and US Geological Society reached 1:100,000 maps, which included streams. Around that time, both backpack and handheld GPS units became available, with their 50-foot error beating the 150-foot tolerance of the 1:100,000 maps. In addition, GIS development technology allowed overlaying of data on top of maps, driving demand for more mapping data. As a result PaMAGIC was formed in 1996 to develop data standards, with counties leading the way in aerial imagery.

Act 220 of 2002 resulted in data accurate to 1: 24,000, which is the standard still used currently, Jespersen reported. He offered a critique of the law, and said it is a very prescriptive and restrictive

measure. He said the law's requirement that the plan shall be amended and updated every five years was missed.

Speaking to the work of the Water Data Initiative, Jespersen said its objectives include the stipulation that 40 or 50 foot errors are no longer acceptable. He said across the state are instances where drainage is not identified on maps.

Jespersen said "legacy" stream naming systems lead to inaccuracy and may differ between agencies. Additionally he said legislative "quirks" have led to different management of flood plains and stormwater systems, while county-based jurisdictions further lead to complexity.

Jespersen discussed utilizing technology to reduce cost, for example replacing human excursions with drones, and leveraging more satellite technology. Additionally, he said, there are a great number of gauges and sensors across the state that could connect to the internet and communicate with each other and with authorities.

Ultimately, Jespersen said, Pennsylvania can support integrated management of state water. Identifying challenges in the way, he said, agencies and lawmakers fail to look far enough ahead, while regulatory complexity acts as a barrier. Combined with a tough economy, Jespersen said citizens need to become more involved in demanding a better system. Over the next five years, he recommended creating a modern, digital base map for water in Pennsylvania and require agencies and encourage others to transform their data to be compatible with the new map by 2018. He said the cost of \$50 million would equate to one bottle of water per citizen, per year, 10 to 15 new Marcellus Shale wells, or a fraction of the transportation infrastructure funds that are available.

Jespersen identified SB 771 and HB 1285 as measures to move through the legislature, and recommended soliciting donations to carry on the work, while also lobbying for budget allocation for the implementation of the Act 220 requirements that have gone undone. He suggested other measures including a fee on bottled water sold in Pennsylvania at a rate of \$0.02 per bottle as well as a bond issue or consumptive use fee as proposed in SR 39.

Sen. Hutchinson asked about use of flood plain maps by the Federal Emergency Management Agency (FEMA) and its impact going forward. Jespersen said the flood insurance program is a federal one, where FEMA generates maps based on data provided by the states. He said the maps include integrated data and are high quality, but advised the program has run out of funding. Jespersen said cities are required to map their stormwater management infrastructure and said it is "not a stretch" to envision all municipalities being required to do so within several decades.

Discussing efforts to enhance to local resolution, Jespersen said New Jersey and Vermont, both smaller states, have move ahead of Pennsylvania.

Tim Weston, chairman of the Statewide Water Resources Committee, said the charge of Act 220 was a large one and not fully delivered on. He spoke to a need for balance between the accuracy of the map and that of the data going into the database. He said officials need to figure out what accuracy is needed to solve the problems that continue to exist and challenge the state.

Senate Finance Committee

12/11/13, 10:00 a.m., 8E-A East Wing

SB 968 Vulakovich, Randy - (PN 1111) Amends the Tax Reform Code adding an article establishing a waterfront development tax credit. An eligible applicant is a business firm or individual who has contributed to a waterfront development organization and is subject to a tax imposed by Article III, IV, VI, VII, VIII, IX or XV or Article XVI of The Insurance Company Law. The Waterfront Development Tax Credit

Program is established to encourage private investment in waterfront property which creates public access to the water, increases property values, restores ecology, and catalyzes further financial investment and job creation. The bill outlines qualifications for waterfront development organizations, eligible projects, and the procedure for applying for the tax credit, which shall not exceed 75 percent of the total amount contributed by the eligible applicant during the taxable year. The Department of Revenue shall grant a tax credit of up to 90 percent of the total amount contributed if the eligible applicant provides a written commitment to provide the waterfront development organization with the same amount of contribution for two consecutive tax years. Effective in 60 days. - The bill was unanimously **reported as amended**.

Sen. Randy Vulakovich (R-Allegheny) explained the bill will establish a \$10 million tax credit to encourage the private sector to invest in waterfront development. He shared that he has seen abandoned industrial sites along rivers and has witnessed several groups, including Riverlife, spur development and tourism in Pittsburgh by creating a culture that values the river. "I see this tax credit as an incentive to further these goals, and not just in Pittsburgh. But across the Commonwealth."

Sen. Vulakovich presented a map that illustrates Pennsylvania's water rich regions, highlighting different areas of the state. He described Pennsylvania's six major river basins as having an estimated 86,000 stream and river miles and 161,455 lake acres. Further, he shared that Eastern Pennsylvania has 17 square miles of Delaware estuary and 512 acres of tidal wetlands while the northwest has 63 miles of Lake Erie shoreline. Lastly, he stated that throughout Pennsylvania there are 403,924 fresh water wetlands, and 64 of the state's 67 counties have a significant number of creeks, rivers or lakes.

Sen. Vulakovich, in addressing the positive economic development impact the bill will have on communities, said that since the inception of Riverlife in 1999, Pittsburgh has seen an investment of approximately \$130 million in ten riverfront projects and more than \$4 billion of additional adjacent investment in the form of corporate headquarters, office buildings, hotels, sports and entertainments complexes and residences. He inferred that for every \$1 invested in riverfront projects an approximate \$30 is invested in areas adjacent to the rivers.

Sen. Matt Smith (D-Allegheny) commented that the bill is very important to the 37th Senatorial District when considering the development along the Ohio and Monongahela Rivers, and he believes the measure is important for economic development and job creation.

Sen. Pat Vance (R-Cumberland) expressed concerns about the cost of the legislation and suggested it be looked at in conjunction with what is anticipated to be a very dire upcoming budget. She said she recognizes the value of the project.

Sen. Vulakovich shared that the original proposal had a higher dollar amount for the tax credit, which has since been reduced. He expressed that he understands her concerns but believes the investment will bring a higher return in the form of jobs, economic development, and higher real estate values.

Sen. John Blake (D-Lackawanna) recognized Sen. Vance's concerns as well and suggested that going forward the performance of the initiative could be monitored to ensure that the return on investment comes as expected.

A04941 by Brubaker, was described as technical to address tax compliance issues and the Erie Port Authority is added as an eligible organization. The amendment was unanimously **adopted**.

Sen. John Wozniak (D-Cambria) asked if the legislation designates certain authorities to be viable recipients of the tax credit. Jay Sukernek, CFO with Riverlife, explained that the legislation includes specific criteria that waterfront development organizations have to meet to be an eligible entity. As originally drafted only non-profits exempt under section 501(c) (3) of the Internal Revenue Code, with a board of directors that meets annually, more than five years or experience, and a waterfront development plan, were eligible. He said the amendments makes the Port of Erie an entity that would be considered as

a waterfront development organization in addition to any 501(c)(3) organization that meets all of the criteria and is approved by the Department of Community and Economic Development.

Senate Republican Policy and Democratic Policy Committees

12/10/13, 9:30 a.m., Hearing Room 1, North Office Building

The Senate Democratic Policy and Senate Republican Policy Committees held a joint panel discussion on property tax relief for Pennsylvanians.

Chairman Boscola said the issue of property tax relief is so important to Pennsylvania that a joint Democratic and Republican discussion is necessary. She said SB 76 was co-sponsored by many Republican and Democratic Senators. Chairman Boscola also said she and others would support a freeze on property taxes for senior citizens. "The only real debate is how to go about dividing an equitable system," stated Chairman Boscola. "We need your input; we need to know if SB 76 works, we need to know what makes it better so it can pass in the legislature."

Sen. Argall referenced an article by the *Reading Eagle* that said the first property taxes were used in ancient Greece 2,600 years ago. He said the current system makes no sense and if the legislature does not fix it the judicial branch will legislate from the bench.

Joel Rotz, Director, State Government Relations, Pennsylvania Farm Bureau, said his organization has supported the complete elimination of property taxes for decades but their advocacy efforts have seen little progress in the past thirty years. He stated the impending pension crisis and the continued increase in the cost of public education will only further burden property tax payers. "The time is now to move forward with a proposal that will be based more on the ability to pay because the idea that owning property is a sign of wealth is completely archaic," explained Rotz. He said the land owned by farmers costs very little in terms of government services, but is assessed at an extremely high value for property taxes.

Jason Horwitz, Consultant, Anderson Economic Group, testified on the fiscal impact of SB 76, saying the study results of his organization are similar to the results reached by the Independent Fiscal Office. He said the solvency of the education stabilization fund will be realized with the increase of sales and Personal Income Tax (PIT) at the state level. Horwitz also said school property taxes are expected to increase at a rate of four percent each year without any increases in the budget at the school district level.

Kim Skumanick, President, Pennsylvania Association of Realtors, said she came to urge the committees' support of SB 76. She described surveys by Keystone Analytics that found the majority of Pennsylvanians support the legislation. Skumanick said she believes replacing the funds from property taxes with PIT and sales tax will relieve the burden of unreasonably high property taxes. She then shared an example of homeowners who cannot find a buyer for their house because the escrow and property taxes are higher each month than the mortgage payment. Skumanick said SB 76 works because it is a fiscally responsible plan for property tax reform that has support from Democratic, Republican, and Independent voters.

David Baldinger, Spokesperson, Pennsylvania Coalition of Taxpayer Associations, testified via telephone, saying his organization is a grassroots effort of 81 taxpayer groups across the Commonwealth that support SB 76. He read two brief excerpts from the *Reading Eagle* article previously mentioned by Sen. Argall. Baldinger said the property tax system is "irreparably broken" and must be fixed so the public education system can thrive. "We are so passionate in support of SB 76 because it is our legislation," stated Baldinger. "We have been a full partner in crafting this legislation since 2010."

Jason Skrinak, Member, Pennsylvania Institute of CPAs, said he believes property tax reform is long overdue. He explained he deals with property tax reform annually while budgeting for his elderly mother. Skrinak said property tax reform should be focused on those who need it most like senior citizens. He

expressed concern by discussing the IFO report which showed a \$3 billion cumulative shortfall in education funding five years after the proposed legislation is passed. "The more scary part is what the historical data would entail," explained Skrinak. "The cumulative impact through 2002-2013 if this legislation had been enacted is a \$15 billion shortfall." He said he is concerned because he wants to ensure that Pennsylvania continues to attract people and businesses.

Deborah Musselman, Director of Government Affairs, Pennsylvania NewsMedia Association, said her organization has a very serious problem with the bill because it singles out the newspaper industry for two new taxes. She explained the bill contains provisions to tax circulation revenue and newspapers advertisements. "Singling out newspapers for sales tax on products will turn newspaper carriers into tax collectors for the state," opined Musselman. She also expressed concern that single copy sales of newspapers cannot be revised to add new taxes, so newspaper subscribers would bear the brunt of the added tax. Musselman stated Florida tried to tax advertising in 1999 and it created a "regulatory nightmare that was repealed in less than one year." She cited a study saying if advertising is taxed, 64,000 jobs will be lost and \$14 billion in sales will be lost because of the cumulative wave effect of economic activity.

Sharon Ward, Executive Director, Pennsylvania Budget and Policy Center, testified that property taxes are in general not a huge burden because Pennsylvania's property tax amount in relation to personal income is below the national average. She presented charts to the committee showing the vast majority of counties have property taxes below three percent of the income rate. Ward said it is imperative for the legislature to target solutions to the property tax problem instead of creating a universal plan. She asked the committee members to consider who they hear from on the topic of property tax and urged them to craft solutions to help those people. Ward said Michigan is the only state in the past twenty years that has eliminated property taxes. "Problems with the elimination include that under this plan there will be a \$2.6 billion reduction in school funding because PIT and sales taxes are very volatile," explained Ward. She also discussed what happened in California after they capped property tax at two percent. Ward said property tax amounts decreased exponentially, but a giant housing bubble was created, and fees increased for school and municipal services. "In terms of a solution to the problem, I hope you would be open to something other than the complete elimination of property taxes," concluded Ward.

John Callahan, Senior Director of Government Affairs, Pennsylvania School Boards Association, stated his organization sticks up for the kids in Pennsylvania's public schools. He said the pressures of school budgeting are something every school board member deals with but urged the committee to understand school cost money. Callahan explained the increased cost of education due to rising teacher's salaries and unfunded mandates press school districts to cut their budgets. "Act 1 made increasing property taxes more difficult but school board members do not take the responsibility of having to raise property taxes lightly," stated Callahan. "We would encourage not completely eliminating property taxes; you should keep property taxes to have a reliable base for school funding," Callahan stated. He said he recognizes that the current school funding formula is not fair and equitable and he encouraged the committee to work on the formula. "When it comes to school funding our school board directors are looking for a reliable source they can budget on," concluded Callahan. "We are looking for changes that are in the best interest of school students in the Commonwealth."

Warren Hudak, Member, National Federation of Independent Business, said the NFIB supports simplification and fairness in regards to taxation in Pennsylvania. He stated he does not believe anyone should be kicked out of their house because they cannot pay their property taxes, but the bill does not provide for local control of tax collection. He said the committee should first look at how the tax dollars are spent before changing how they are collected. "We would like to change the funding formula and bring it up to date to represent the student populations of the school," explained Hudak. "We can save struggling households without fundamentally changing the way we have taxes." He said the bill would unfairly target both working families and businesses because both groups consume far more taxable goods than anyone else.

Gene Barr, President and CEO, Pennsylvania Chamber of Business and Industry, stated the Pennsylvania Chamber opposes the proposed legislation. He explained his organization is against the bill because it

shifts costs from residential taxpayers onto businesses. "From our perspective this does not control taxes, it shifts taxes," opined Barr. "We need to address the things that have driven property taxes up like pension reform and prevailing wage, both of which need to be resolved." Barr said he is supportive of a change that will help widows or widowers, along with low income families and all senior citizens. He said shifting the burden from those who may be able to afford it, even if they are senior citizens, and placing it onto young people will force young workers out of the state.

Chairman Erickson said it is a good thing there are a wide range of opinions on the bill. He said many of the unfunded mandates imposed on school districts come down from the federal government. Chairman Erickson said the ideas presented by the testifiers need to be analyzed by the committee before they are further discussed.

Sen. Argall said while everyone in the room had a different opinion, no one argued in favor of the status quo. He said the bill's proposal is interesting because it replaces what school districts get dollar for dollar then gives them more each year. "But yet we hear of a possible shortfall because we are not going to give them as much as they could get if they keep raising property taxes," suggested Sen. Argall. He said if any of the panelists have an amendment to the bill to give it to him as soon as possible because he would like to move the bill early in 2014.

Chairman Boscola asked for "out of the box" ideas from the panelists. She said the proposed legislation is fair because it does not shrink the pool of people paying into the system; it increases the number of taxpayers.

Sen. Folmer said the committees are looking for solutions. He said the problem of people losing their homes due to high property tax may not be huge or widespread, but "real people are losing their homes and this is a problem." Sen. Folmer pointed out that many are afraid to pass this bill because it will create the largest tax shift in Pennsylvania history. "We are trying to push out to spread the cost of our education to more people," exclaimed Sen. Folmer. "We shifted the taxes to sales and PIT to make it as equitable as possible." He said he believes the bill addresses spending rates because it keeps school budget increases within the rate of inflation. "The funding formula must also be looked at," stated Sen. Folmer. "If we do nothing to shift the tax burden we will do nothing to deal with the improvements needed in the funding formula."

Sen. Schwank said the Senate Education Committee is looking at the school funding formula currently. She said she believes the legislature is capable of looking at both state funding and property tax elimination at the same time. Sen. Schwank said the issue must be resolved because the Baby Boomer generation is retiring and looking at 30 or 40 years of retirement on an income that cannot support rising property taxes. "The panel all has concerns," concluded Sen. Schwank. "But they are not enough to keep up from doing what we need to do to resolve this problem."

Sen. Yudichak said the issue at hand is not only about taxes but about high quality public education. He said the bill should centralize taxation because a system with over 500 different property tax rates is not attractive to businesses looking to expand into the Commonwealth. "It is a shame that the quality of education will determine whether or not you live in a wealthy district and are on the right side of the funding formula," lamented Sen. Yudichak. He then said changing the housing stock is important to him because his district is still suffering from high unemployment.

Sen. Farnese applauded the leadership of the members who signed onto the co-sponsor memo for the legislation. He said he is concerned about the details of the bill that provide for a \$300 million loss for the city of Philadelphia that will no longer be able to provide for itself. Sen. Farnese also said he questions if the bill will really be a relief for seniors who will have to pay more for food, medical goods, funeral-related goods and legal services if it becomes law.

Sen. Argall responded to Sen. Farnese, saying as soon as the Independent Fiscal Office report identified the issues with the city of Philadelphia he decided to amend the bill to fix the section in question.

Sen. Ferlo said he supports eliminating property taxes no matter what vehicle is used to eliminate them. "I still have reservations about what this bill will do to businesses and what the bottom line dollar is," stated Sen. Ferlo. "But I will vote for this bill if it completely eliminates property taxes."

Rep. Cox said he has been personally working on the issue of eliminating property taxes for ten years. He said he is thrilled to see the Senate showing leadership to address the issue in a bipartisan manner. "This is an issue that is happening all over the state, not just for seniors or people on fixed incomes," pointed out Rep. Cox. "Middle class families who feel they are paying way more than their fair share are hurt by this also; please come to the table because this issue must move forward."

Chairman Boscola said she feels the property tax is the holy grail of taxes. "If you do not pay your property taxes just one year it triggers a sale of your home," stated Chairman Boscola. "This is why the tax is so unfair."

Barr responded saying he realizes property taxes have been a problem for many years. However, Barr said the bill "treats the symptoms, not the disease." He said people will probably be happy they no longer have to pay their property taxes without understanding what they will be paying in lieu of the property tax.

Rep. Cox said Barr's organization is calling for the control of spending. "But if any of your organization's members had an employee who was spending too much you would not send them to financial counseling first then take away their use of the company credit card, you would take away their ability to spend first," stated Rep. Cox. He said the bill does address the fact that education spending is too high. Barr countered saying the bill shifts the burden of taxation. "With the oncoming burden of the pension issue I am not sure we can handle this," stated Barr.

Hudak said he is concerned about his 8 year old daughter. "We have an aging demographic and if we are shifting the tax burden it will not go away," said Hudak. "The burden will be shifted to working family and business and we need to know what will happen ten or twenty years from now."

Callahan pointed out there has been much done by school board members and local governments to control education costs.

Sen. Argall said the state government tried to tweak the system before under a previous governor and it saw the "worst defeat of a constitutional question in the history of Pennsylvania." He said Pennsylvania voters want property taxes completely removed. "Our goal is not to hurt public schools but to get them a dollar for dollar replacement of their current system," stated Sen. Argall.

Ward said she believes not everyone will benefit and save money from the bill. "This is a shift to low income working people who do not own property from wealthy property owners," stated Ward. "The bill would raise more than \$1 billion from food, there are some exceptions but you are raising food prices for those who do not have much." She said two dialogues exist in the conversation: one about property tax and one over education spending. Ward explained there is more agreement on doing something about property taxes than education spending. She offered solutions to the problem such as fixing the property tax assessment system to a statewide system, offering a property tax rent rebate program expansion, offering a property tax circuit breaker, or using a funding formula to drive out property tax relief to school districts.

Sen. Folmer asked why student population has gone down while the number of school employees has gone up. He said even when the state gave more funds to schools they still raised property taxes. Sen. Folmer called for expanding the pool of individuals taxed instead of shrinking it by excluding more individuals from property taxes.

Sen. Farnese said Sen. Argall made a good point by saying a dollar for dollar replacement is needed for school funding. He then said many people believe the current funding formula is broken and unfair; he called for a funding formula fix and property tax elimination at the same time.

Chairman Boscola thanked all of the panelists and her colleagues for taking the time to attend the discussion.

BILL REPORT

ATTACHED TO THE REPORT

STATE NEWS

SENATE CONFIRMS DEP, DCNR NOMINEES

The Senate overwhelmingly approved Gov. Corbett's nominee as the state's new environmental chief despite concerns raised over his statements about climate change. By a vote of 42-8 the Senate voted to confirm Christopher Abruzzo as secretary of the Department of Environmental Protection. The Senate also unanimously approved the nomination of Ellen Ferretti as secretary of the Department of Conservation and Natural Resources overseeing the state's parks and forests.

CONTENDERS FOR GOVERNOR COURT WESTERN PA

At least six of the party's gubernatorial candidates were in the Pittsburgh region to attend a forum by the Southwest Caucus of the Pennsylvania Democrats in Delmont, where they could introduce their campaigns to local political players. Eight Democrats are vying to challenge Gov. Tom Corbett in November. But none of the declared candidates has strong ties to the Pittsburgh area, making the region an early stop as the hopefuls try to woo voters, donors and Western Pennsylvania politicians.

REPRESENTATIVES CHRISTIANA AND FRANKEL DISCUSS WESTERN PA HEALTH CARE

Representatives Jim Christiana (R-Beaver) and Dan Frankel (D-Allegheny) held a news conference to discuss the Patient Access and Consumer Choice Act (House Bills 1621 and 1622) in the face of what they called "attacks" by the University of Pittsburgh Medical Center (UPMC). Rep. Christiana noted a political campaign was launched by UPMC throughout the Commonwealth including robocalls and a mailer spreading over three legislative districts, which he said is a move by UPMC to protect its business model of having a monopoly over Western Pennsylvania's medical industry. He said the idea that he and Rep. Frankel are trying to take away health care competition and limit health care in western Pennsylvania could not be farther from the truth and noted the Act ensures competition and allows national insurers to enter the marketplace.

IN THE NEWS

12-13-2013

Business in Brief

Brookside Women's Golf and Glaxo-Smith Kline team up to raise money and awareness for `Stretch the Ride'POTTSTOWN - This year marked the 6th annual "Drive for the Cure" all-ladies golf tournament coordinated by the Brookside Country Club Women's Golf Association."The event was started six... - [Pottstown Mercury](#)

12-12-2013

Greene County Conservation District outlines erosion, storm water rules

The Greene County Conservation District is reminding farmers about recent changes to Pennsylvania's Chapter 102 regulations for erosion and sediment control and storm water management. - [Uniontown Herald-Standard](#)

12-12-2013 **Use of eminent domain to take over golf course is wrong**
It was back in 1943 when I was 15 years old I played my first round of golf. This round was played at Meadowbrook Golf Club in Phoenixville. Meadowbrook was a learning center for thousands of golfers for almost 90 years. I knew the Campbell family, starting with Toby Campbell, Lloyd, Ted,... - [Pottstown Mercury](#)

WEEK IN REVIEW

12-13-2013 **With an eye on 2014 races, Pa. pols head to NYC**
HARRISBURG - For the last two decades, Manhattan billionaire John Catsimatidis has opened the doors of his Fifth Avenue apartment, overlooking Central Park, at Christmastime to toast the biggest names in Pennsylvania politics. This year will be no different. Catsimatidis is hosting a fund-raiser Friday afternoon for Gov. Corbett to... - [Philadelphia Inquirer](#)

12-13-2013 **Pa. House OKs bill to allow \$25 bounty on coyotes**
HARRISBURG, Pa. (AP) — A bill that would authorize the Pennsylvania Game Commission to set a bounty on coyotes is advancing in the Legislature after winning the approval of the state House of Representatives... - [AP](#)

12-12-2013 **Package of child-protection bills headed to Corbett**
HARRISBURG - More than two years in the making, a package of bills to strengthen the state's child-protection laws was approved by legislators Wednesday and sent to the governor. One bill widens the net for adults who could be held responsible in suspected child abuse. Another seeks to improve coordination among county... - [Philadelphia Inquirer](#)

12-12-2013 **More people in Pa. pick plan on insurance exchange**
HARRISBURG, Pa. — Nearly 10,000 more Pennsylvanians signed up for an insurance plan in November through the federal health care law's new marketplace, the federal government reported Wednesday, and insurers expect the pace to pick up in December... - [AP](#)

12-11-2013 **Pa. pensions board meets amid probe into employee**
HARRISBURG, Pa. (AP) - The board of Pennsylvania's state employee pension fund is convening in Harrisburg amid questions about an investigation into its chief investment officer... - [AP](#)

12-11-2013 **Pa. doctors group focused on attracting primary care physicians**
HARRISBURG — Ensuring the state has enough primary care doctors, advancing a prescription drug monitoring program and injecting more money into community clinics are among the Pennsylvania medical community's top priorities in 2014. The Pennsylvania Medical Society highlighted a slew of health care needs at... - [Beaver County Times](#)

12-10-2013 **Pa.'s bleak outlook: A \$2 billion deficit may be in Pa.'s future**
As we enter the season of hope and joy, the state's Independent Fiscal Office has issued a report that is less than hopeful. Viewed in a vacuum, it is downright bleak. The IFO provides fiscal projections for the commonwealth to better enable residents and lawmakers to analyze policy decisions.... - [Lancaster Intelligencer Journal](#)

12-10-2013 **Keno Now In Play In Pa. Lottery Bill Talks**
HARRISBURG, Pa. (CBS) — The state Senate majority leader says discussions about legislation that would allow for a private company to manage the Pennsylvania Lottery now include expanding the Lottery's roster of games to include Keno. Earlier this year, the attorney general ruled that Governor Corbett did not... - [KYW News Radio 1060](#)

12-09-2013 **Corbett pushes plan to subsidize health insurance for Pa. adults**
Gov. Tom Corbett is seeking formal approval for his plan to use federal funds to buy private health insurance for more than 500,000 uninsured Pennsylvania adults. The Republican will try to secure a number of reforms to the entitlement program before he agrees to expand coverage, and the proposal is drawing... - [Lancaster Intelligencer Journal](#)

12-09-2013

The Bar Is High For New PA 70 Mph Speed Limit

PHILADELPHIA (CBS) — The state transportation secretary says probably fewer than half of the miles on Pennsylvania's Interstate highways are in line for the new 70 mile an hour speed limit. The newly minted transportation law allows PennDOT Secretary Barry Schoch,... - [KYW News Radio 1060](#)