

Malady & Wooten, LLP

Legislative Report

June 7, 2013

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Pennsylvania Golf Course Owners Association

LEGISLATIVE UPDATE

Session Schedule:

2013 HOUSE SESSION SCHEDULE

June 10, 11, 12, 17, 18, 19, 20, 24, 25, 26, 27, 28

2013 SENATE SESSION SCHEDULE

June 10, 11, 12, 17, 18, 19, 24, 25, 26, 27, 28

REGULATION COMMENTS

[7-475 - Triennial Review of Water Quality Standards \(IRRC No.2954\)](#)
CHESAPEAKE BAY FOUNDATION HARRY CAMPBELL

COSPONSOR MEMOS

Rep. Stern

- [Dedicated funding for tourism marketing, museums and the arts](#)

COMMITTEE MEETINGS

Senate Agriculture and Rural Affairs

TUESDAY - 6/11/13

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

To consider:

SB 994	Vogel, Jr., Elder	Act providing for the creation of a major watershed improvement program, for est. of a verified TMDL credit program, powers of DEP & PENNVEST & for completion of a study by LBFC.
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COMMITTEE NEWS

House Democratic Policy Committee

6/6/13, 10:00 a.m., 418 Main Capitol

TESTIMONY ATTACHED TO THE REPORT

The committee held an informational meeting on the Pennsylvania Fish and Boat Commission's fiscal slope.

John Arway, Executive Director, Pennsylvania Fish and Boat Commission (PFBC), testified on the financial future of PFBC and why the organization needs to prepare. Arway referred to the plan as a "fiscal slope," which he said is unlike a fiscal cliff because there is time to deal with the issues that need to be faced. Arway contended \$9.1 million will be needed by fiscal year 2016-17 and every year after in order to cover pension and healthcare, as well as other operating and necessary costs PFBC has.

In his presentation, Arway stated simply increasing the fish and boat license fees will not provide much help financially because when fees are raised, even slightly, there is a drop in sales. Arway remarked PFBC strives to maintain a reserve to pay for any unexpected or emergency expenses that come up. PFBC earns money from selling licenses and boat registrations, federal augmentations, miscellaneous and fines and penalties, Arway stated. Arway said PFBC spends money on personnel, operating costs, which includes hatcheries, dams and other facilities, fixed assets, grants and payments to state agencies with its budget. Revenues for PFBC can be increased by operational, regulatory and legislative actions, Arway stated.

Arway remarked some of the solutions are reducing expenditures. "PFBC must maintain one year's worth of funding in reserve, PFBC will not expend more than it generates in revenues, infrastructure repair and maintenance needs must be considered and sufficient operating funding must be available for resulting structure," he remarked. Arway said some of the general fiscal concerns are the agency's requirements to pay pension and health care costs and maintain level funding, on top of the rising operating costs that are combined with a flat and/or declining consumer base.

Rep. Mundy asked how big the reserve was and if Arway could provide an example of a crisis in which the reserve would be used. Arway responded that it has been an historical practice for the agency to "never spend more than they earn." He stated one year's worth of revenue is held for emergencies because of the way the cashflow works for PFBC. He explained the money comes later in the year in months like March and April because those are the months people generally buy fishing and boating licenses. Arway stated the reserve is used to make up for the lack in revenue from the beginning of the year. For example, Arway said the PFBC uses money from the reserves to "front-money up" for high hazard dam projects because without the money to "front-up" the organization would not be able to get the grants from other organizations for projects. Arway stated there are 56 dams the agency is responsible for operating and maintaining. If an emergency were to happen, Arway said he would have to use the savings from the reserve.

When asked by Rep. Joseph Markosek (D-Allegheny) what augmentation is, Arway responded it is the "federal excise tax on sport fishing and boating equipment. It's a federal tax that goes to Washington and the service reallocates that back to the states using a formula based on how many fishing licenses we sell. So, the more licenses we sell the more federal money we get."

Rep. Markosek asked if PFBC receives any state money. Arway said PFBC does not receive any money from the General Fund. Arway said a few years ago, before Gov. Tom Corbett's administration, the agency received about \$17,000 from the General Fund to pay for the membership to the Atlantic States Marine Fisheries Commission. Arway said the General Assembly, the governor's office and PFBC all have a member on the commission. He stated PFBC now pays the fee and he said "he doesn't think it's right; the legislature should pay their own fee."

When speaking to the question posed by Rep. Markosek about if there is money in the transportation bill, Senate Bill 1, for PFBC, Arway said yes. "We're very thankful Senate put us in," Arway stated, noting PFBC was added to an amendment for the bill.

When asked by Rep. Ted Harhai how PFBC became responsible for taking care of the 56 dams the organization is responsible for, Arway said "I think we inherited that as part of our mission." Arway commented that the situation is similar for the fish hatcheries. "We don't own the fish hatcheries, we just operate and manage them for the state," Arway remarked.

Arway said PFBC does not receive money to help maintain the dams or hatcheries.

Timothy Schaeffer, PFBC's director of policy, planning and communications, commented "one of the things about these facilities is that when we got them they were new, basically, now these are old facilities and the cost to operate these things are just going up astronomically each year."

Rep. Harhai asked Arway to speak on the issue of the hatcheries. Arway replied "the conclusion that I've drawn as the CEO of my company is that we either have to raise additional revenue or cut expenses."

Arway explained the group has put together a spending reallocation plan, which does not spend less money but spends the money in a different way. He stated in order to cover new costs expenditures have to be cut. Arway said he would propose the closing of two fish hatcheries. He remarked after talking with many individuals no one liked the idea, so PFBC decided to wait two years and see if PFBC can come up with a plan to increase revenues so the hatcheries would not have to close.

Rep. Mundy asked the definition of a high hazard dam. Arway replied "anytime a dam places people at risk below, the dam becomes a high hazard dam. There's another category of dams called the unsafe high hazard dams which mean the dams are in need of repair, so we have to do something about them before they breach and cause people downstream to be flooded."

Rep. Mundy followed up by asking if the high hazard dams were originally built for fishing or boating. Arway remarked there is a "mixture of different kinds of dams." He stated most of the dams are

recreational dams for fishing and boating, but there are some in place for reasons like flood control and recreation, for example the Tamarack Lake in Meadville.

Schaeffer added there are other dams that PFBC took over to provide for use in fishing and boating.

Rep. Mundy commented that she is concerned when she hears about dam maintenance. "I have a staff of engineers who work very closely with the Department of Environmental Protection (DEP) safety engineers to watch our dams. We're required to do monthly inspections," Arway stated. He said there are remote monitors which can be checked from the office to watch the well levels of the different dams to help determine whether the dams are at risk for failure. Arway stated dams are an asset to the Commonwealth for reasons other than fishing and boating.

Responding to Rep. Gibbons' question about how much it could cost to repair all of the dams including Hereford Manner, Arway said as of now PFBC does not have the funding. Schaeffer remarked the estimated cost to repair non-hazardous dams is \$44 million and the cost to reconstruct Hereford Manner dam is \$15 million.

Arway said PFBC is "appreciative" of the funding it gets. He stated there are not many more grant programs that PFBC can go to obtain money to help take care of the dams. Arway said right now the group is retiring some dams and hoping to repair and rebuild them.

Rep. Gibbons commented "I would like us to take a portion of the money that's going to DCNR right now toward the Gas Lease Fund and direct a portion of that, which they're allowed to use for dams towards allowing you to use for your dams as well." Arway said he believes dams are not different from roads and bridges and they attract revenue into the state.

When asked by Rep. Markosek about what other states are doing about pricing of senior licenses and on raising for lowering prices for licenses, Arway replied, "It's all over the board." He commented some states have raised the price and some have lowered it. Arway remarked he is closely watching New York because the state recently lowered its fees. Arway stated he has found when fees are raised there is a drop in the number of licenses sold and when fees are lowered there is an increase. He said he wanted to see how New York does with selling licenses after the state lowered the prices. Arway said even if PFBC offers free or voluntary licenses it would still need to charge \$1 in order to receive federal revenue from the purchase. Schaeffer commented that when the seniors buy the trout stamp one time for \$8 to fish for trout for life when a regular stamp is \$65, he said is starting to "creep up" on them.

Acknowledging Rep. Markosek's question about whether he has any thoughts about lowering the senior license cost but raising the age since people are living longer, Arway replied PFBC has created scenarios on different ways the prices can be lowered or raised. Schaeffer commented that in order to change the age of the senior licenses the legislature would have to change that through a bill or act.

Arway said PFBC is still on the Water Fee bill, however, the company's focus will be on the transportation bill, SB 1, because of the amendment that would provide PFBC with monetary support through a particular fund.

Chairman Rep. Mike Sturla (D-Lancaster) commented on the water fee bill. Chairman Sturla stated the bill "charges a one one-hundredth of a cent per gallon fee for people that extract water from the streams and rivers in Pennsylvania." He remarked currently a permit is required to extract the water but it only allows the extraction it does not address the amount of water taken out. The bill would charge the fee to people who take out more than 10,000 gallons a day. Chairman Sturla said the bill would not affect municipal water systems or agriculture use.

"It's only water that literally gets taken out of the watershed," Chairman Sturla stated.

Chairman Sturla remarked "consumptive water use is almost 10 billion gallons a day in the state of Pennsylvania. If you take that times one one-hundredth of a cent, you get close to three-quarters of a million dollars a day that could be generated in fees."

Chairman Sturla said he would be holding a press conference on the water bill on Monday.

Cosponsor memo for "water bill": [Introduction of Consumptive Water Resource Act](#)

Senate Appropriations Committee

6/3/13, 5:20 p.m., Rules Committee Conference Room

SB 738 Yaw, Gene - (PN 1008) The Natural Gas Consumer Access Act provides that each natural gas distribution utility submit a plan to the Pennsylvania Public Utility Commission within two years after a franchise territory is awarded that includes data on the service area. The commission will review the plan and implement periodic reviews of the distribution system. At the request of the natural gas distribution utility, the PUC shall maintain confidentiality of specific information deemed to be proprietary. Natural gas distribution utilities will also provide residential, commercial and industrial customers with customer contribution criteria for extension and expansion, as well as notifications of its distribution system extension and expansion plan and customer contribution criteria once a year. (Prior Printer Number: 823) - The bill was unanimously **reported as amended**.

A01745 by Pileggi, was said to require a plan to include standards as to determine whether a consumer can make payments and providing for other requirements. The amendment was unanimously **adopted**.

A01702 by Yudichak, was said to establish a grant fund by placing a fee on each spudded natural gas well. The amendment **failed** along a party-line vote with all Republicans voting in the negative.

Sen. Dominic Pileggi (R-Delaware) asked for a no vote on the amendment and said it is the right intent, but getting back into fees on wells and the extraction of natural gas is something that should not be addressed in the bill.

Sen. John Yudichak (D-Luzerne) said he has been trying to work with Sen. Gene Yaw (R-Lycoming) on the need to build out the natural gas infrastructure. He said the amendment will help build a public-private partnership and provide funding for the infrastructure expansion.

Sen. Wozniak said from a marketing perspective, the expansion will be paid for by the natural gas industry many times over if the amendment were adopted.

SB 739 Yaw, Gene - (PN 1009) Amends the Alternative Energy Investment Act, allocating \$15 million for grants to schools, hospitals and small businesses to obtain access to natural gas. The grants can provide for up to 50 percent of the cost of the project. Priority will be given to applications that will result in adjoining commercial or residential properties utilizing natural gas. \$10 million shall be allocated by the authority for loans or grants to meet energy efficient standards (decreased from \$25 million). (Prior Printer Number: 824) - The bill was unanimously **reported as amended**.

A01690 by Pileggi, was said to provide for natural gas access detailing transfers from accounts and applications for funds. The amendment was unanimously **adopted**.

A01757 by Hughes, is technical. The amendment was unanimously **adopted**.

A01800 by Ferlo, is technical in nature. The amendment was unanimously **adopted**.

Sen. Pileggi thanked Senators Hughes and Ferlo in working with Sen. Yaw and his office on this amendment as well as other amendments that are agreed to.

House Finance Committee

10:30 a.m., 6/3/13, Room 60 East Wing

The committee held an informational meeting on property tax proposals.

Chairman Benninghoff said that the purpose of the meeting is to explain new property tax proposals made by members of the House. He said that property tax reform has been discussed by the legislature for decades. "Keep in mind that we're talking about a tremendous amount of money and limited resources for taxing that can be looked at," explained Chairman Benninghoff. "This issue is also a higher priority in some portions of the Commonwealth in our very diverse state."

Representative Gillespie explained that he is seeking to propose property tax legislation because his constituents have been calling for it for the ten years he has been in office. Rep. Gillespie said that despite multiple pushes to reform property tax law in Pennsylvania, no progress has been made since he was elected in 2002. "I don't care who gets it done," remarked Rep. Gillespie. "I don't need to have my name attached to a property tax reform bill, I just want the issue solved." He said that he has not introduced a bill yet because he does not want to waste time and money on a bill that will not work. Rep. Gillespie explained that he will introduce a package of four bills in the future, two of which will require a constitutional amendment needed to make changes to current property tax law. He said that his bill package would abolish the use of the so called "hold harmless" in basic education funding as set forth during the 1991 budget stalemate. Rep. Gillespie also explained that he has introduced a HB 719 as a way to reduce school construction costs.

Chairman Mundy said that she generally supports residential property tax elimination as opposed to all property tax elimination. She asked if anyone has approached the Senate majority to see why they have refused to take up the issue of property tax reformation. Rep. Gillespie said that he has not personally approached members of the Senate on this issue. Chairman Mundy said that until the House and Senate reach consensus no constitutional changes can be made to solve the property tax problem.

Rep. Roae said that he sees the public shrinking from property tax reform when they see that they will be paying the taxes in other ways. "On the hold harmless provision, how would you implement such a drastic change," asked Rep. Roae. "Some of my districts receive 55-60 percent of their funding from the state because they are in low-income areas." Rep. Gillespie said that program would be phased in with a maximum cap of five percent per year.

Rep. Kortz asked if the bills would tax services to fill the gap left by property tax elimination. Rep. Gillespie said that services will not be taxed if his bills become law.

Rep. Harris asked if adding taxes to food items would negatively affect people on the food stamp program. Rep. Gillespie said that a majority of people who would be affected by food taxes probably already use the Women, Infants and Children (WIC) Program. Rep. Harris said that he is concerned that increased food prices due to added taxes will decrease the amount of food that low-income people can buy with their food stamps.

"I hear from constituents all the time who work hard to pay their mortgages but lose their homes because of high property taxes," said Rep. Kavulich. "But will the property tax and rent rebate programs stay in place for those who truly need help?" Rep. Gillespie said that nothing would change from the current program that is in place for people truly in need of help.

Representative Cox explained that his proposal, contained in SB 76 and HB 76, will fully eliminate school property taxes.

"This will be done through an increase in sales tax from six to seven percent and expanding that tax onto additional goods and services," stated Rep. Cox. "An increase to Personal Income Tax will provide us with the revenue to eliminate the school property tax in the Commonwealth." He said that including food and clothing as taxable goods will impact people, but food bought using the WIC Program will remain exempt. In terms of clothing, Rep. Cox said that individual items under \$50 will not be taxed; he explained that exempting these items of clothing will help families clothe their children. Rep. Cox said that both the House and Senate have seen a surge of interest in the proposed legislation that would eliminate property tax. "The reintroduced bills have fixed several errors that were found in their predecessor so these bills will be revenue neutral," stated Rep. Cox. He then said that while the legislation does not specifically address the cost drivers of public education like pension costs, it does save \$1.15 billion annually in replacement revenue. Rep. Cox explained that the federal tax deduction currently received by Pennsylvanians does not cover the full cost of property taxes, making the argument that a loss in deduction is worse than eliminating property taxes moot. "If you don't pay sales tax it is because you're not buying something, if you don't pay income tax it is because you're not working," said Rep. Cox. "But if you don't pay your property taxes you could lose your home."

Chairman Mundy said that she noticed HB 76 includes a severability clause that would allow any part of the bill found unconstitutional to be struck from the law. She asked Rep. Cox what would happen to raise revenue if the courts find part of the bill unconstitutional. Rep. Cox said that he does not anticipate that happening and that the severability clause is included in the bill as a suggestion of the Legislative Reference Bureau.

Rep. Gabler said that the tax deduction issue is a bigger problem than Rep. Cox framed it. "\$500 million would be transferred from state residents to the federal government because of a lack of availability for tax deductions," said Rep. Gabler. "A middle class person paying \$5,000 in property taxes would lose \$1,250 in deductions and even more in the higher Personal Income Tax and other proposed taxes." Rep. Gabler said that the money taken out of the state's economy will have a reverberating effect. Rep. Cox said that the increases in other taxes are more than offset by the elimination of the school property tax. "We're looking to create more winners than losers and we're giving people a better choice as to when they pay that money towards taxes," said Rep. Cox.

Rep. Bloom said that many of his constituents are frustrated at the lack of progress moving the bill forward. He also said that other members he spoke with are concerned about the lack of a funding formula in the legislation. Rep. Cox said that funding formula is not a light topic and that the formula in the 2003 bill was what caused its failure.

Rep. Evankovich said that he is worried about putting an extra \$12 billion in the hands of Harrisburg legislators and making school districts come back and fight for their fair share of funding. Rep. Cox said the distribution mechanism is simple: districts will receive as much money from the tax increases that they received from property taxes. Rep. Evankovich then expressed his concern with the property tax spike that will occur due to the pension problem.

Rep. Mirabito approached the inequity issue from a different side. "Many businesses oppose this bill because they view it as unfair, for example natural gas developers pay no property or sales tax while developers pay large amounts of money towards taxes to increase land value," said Rep. Mirabito. "How do you think we can approach that equity side of it?" Rep. Cox said he would be happy to entertain amendments that propose different funding sources.

Rep. Lawrence said the bill is not a perfect plan but it does move the conversation forward. He asked if the property tax changes being made currently in the city of Philadelphia would bring the Philadelphia delegation on board with the proposed changes. Rep. Cox said that he believes the changes in Philadelphia will bring more people on board with his plan.

Rep. James sought clarification asking why it would be better to implement the plan all at once instead of phasing it in over a period of years. Rep. Cox said that phasing the program in would require a buffer fund

and that most people are not comfortable with the government holding on to people's tax dollars without directly distributing the money. "We streamlined the process to create a cleaner and more equitable way of doing things," said Rep. Cox.

Representative Seth Grove presented information on the Optional Property Tax Elimination Act (OPT EA), HB 1189.

Rep. Grove said that the goals of OPT EA are to allow school districts to maintain local control, allow all money to remain with the school district, and to allow for the complete elimination of the school district property tax through local choice. He explained that his proposal will allow school boards to levy mercantile taxes and business privilege taxes. "Revenues generated will be used on a dollar-for-dollar basis to reduce the school district millage rate," said Rep. Grove. "If revenues are generated to eliminate the property tax and reduce the millage rate to zero, all new tax rates that are implemented under this proposal to reach full elimination will be subject to Act 1 limitations." Rep. Grove explained that he did not increase the Personal Income Tax in his bill because it is an unstable form of revenue. He said that the legislation will allow school districts to provide property tax elimination to its residents without voter referendum. "With the options that will be available, each school district can maximize its local revenues while considering the impact it will have on homeowners, wage earners and businesses," stated Rep. Grove.

Chairman Mundy explained how several referendums seeking to remove property taxes have failed in the past. She asked how the bill would result in property tax relief if left to voter referendums. Rep. Grove said that the bill gives direct authority to school boards to make that decision without voter referendums.

Rep. James asked Rep. Grove if he had contacted the School Board Association and if they approved the plan which would put more pressure on local school boards. Rep. Grove said that he has discussed his bill with local businesses and school boards and that many school boards have shown their support.

Rep. Evankovich asked if using a ballot referendum for this process would not be a better idea of discerning whether or not the public wants a property tax shift. Rep. Grove said that nothing precludes school districts from using a ballot referendum but the bill does not force them to do it.

Rep. James asked if HB 1189 would compete with HB 76 or run in tandem with it. Rep. Grove said that the bill uses a completely different concept to fix the property tax problem and should not be seen as competition to Rep. Gillespie's bill. Rep. James asked if the bill would be revenue neutral and Rep. Grove replied in the affirmative.

Rep. Kortz said that if Rep. Grove's bill was the only bill discussed today that passed there could be patchwork systems across the state. "Could a business tax increase cause businesses to move if there are more lucrative locations in other school districts," asked Rep. Kortz. Rep. Grove said that situation is something that school districts will have to weigh when they look to reform their tax system.

Senate Local Government Committee

6/4/13, 9:30 a.m., 461 Main Capitol

HB 488 Kauffman, Rob - (PN 1131) Amends Second Class Township Code, in corporate powers, further providing for appropriations for hospitals and tourist promotion agencies in unspecified amounts. (Prior Printer Number: 511) - The bill was unanimously **reported as committed**.

Sen. Mike Waugh (R-York) asked if a "local facility" must be located in the municipality or simply serve the municipality. Lee Derr, executive director of the committee, indicated it must serve the municipality. Elam Herr, of the Pennsylvania State Association of Township Supervisors, confirmed it must simply serve the municipality.

House Tourism and Recreational Development Committee

6/5/13, 10:00 a.m., Room 60, East Wing

HB 1215 Stern, Jerry - (PN 1529) The Pennsylvania Tourism Commission Act establishes the Pennsylvania Tourism Commission, the Tourism Promotion Trust Fund, and repeals the Travel and Tourism Act. The bill provides for the composition and powers of the Pennsylvania Tourism Commission, which shall serve as the official tourism promotion and marketing agency of the Commonwealth. The powers and duties of the Department of Community and Economic Development imposed under the Tourism Promotion Act are transferred to and shall be exercised by the commission. The Tourism Promotion Trust Fund is to receive appropriations from the General Assembly; all money received by the commission from cooperative advertising, grants, donations, fees, interest and dividends; and any other tax revenues and fees established by policy, rule, or statute. Revenue in the fund shall be used to effectuate the commission's powers and duties under this act. The accounts and books of the commission shall be examined and audited from time to time by the Auditor General. - The bill was **unanimously reported as amended**.

House Tourism and Recreational Development Committee Executive Director Allen Taylor provided a synopsis of the bill. He explained that the legislation would establish the Pennsylvania Tourism Commission as the state's official marketing and tourism promotion agency comprised of an 11-member board appointed by the Governor. Additionally, the bill creates a Tourism Promotion Trust Fund to fund the commission's powers and duties and requires the commission to publish an annual tourism report, he added.

A01656 by Stern, was described as an omnibus amendment consisting of amendments that were developed for House Bill 2056 of last session with input from the Pennsylvania Association of Travel and Tourism (PATT) and a request from the Department of Agriculture. The amendment was said to change the composition of the Tourism Commission board by increasing the tourism promotion agency (TPA) members from three to four, decreasing the number of marketing members from three to one, adding the Secretary of DCED as a voting member of the board, and adding the Secretary of Agriculture as a non-voting ex-officio member to replace DCED. The board size remains the same with eleven voting members and eight ex-officio members. Additionally, under the bill, a quorum is a majority of voting board members. The amendment carves out the four TPA members in the event of a vote on grants to TPAs and destination marketing organizations (DMOs) to avoid conflict of interest; changes the title of the executive director to be hired by the board to chief executive officer; adds the board duty to adopt DCED's contracting, auditing, and closeout requirements in the case of awarding grants; gives the board the power to create a non-profit 501(C)(3) to receive monetary and in-kind contributions; and changes the audit of the commission to annually. The amendment was unanimously **adopted**.

Rep. Dan Moul (R-Adams) congratulated and commended the sponsor, Chairman Jerry Stern (R-Blair), on the legislation. Chairman Stern thanked him and highlighted that the legislation is really the result of the hard work of the entire committee and praised all the members for their efforts, noting that they all have the same goal, which is to promote Pennsylvania tourism.

HB 1216 Stern, Jerry - (PN 1530) Amends the Tax Reform Code to add an article detailing a tax credit for tourism promotion and marketing donations made to the Pennsylvania Tourism Commission or a nonprofit established by the commission. The tax credit shall be 100 percent for the taxable year, but a single taxpayer is limited to taking up to 20 percent of the total credit authorized for a fiscal year. The maximum amount of credits that may be authorized in a fiscal year is capped at \$15 million. - The bill was **unanimously reported as committed**.

Taylor explained that the legislation would create a \$15 million tax credit for tourism marketing and promotion. Under the bill, he said taxpayers can apply to the Department of Revenue to receive a credit against the full value of contributions they make to the Pennsylvania Tourism Commission, including

contributions of cash, tourism-related services, personal property and in-kind contributions. He added that no single taxpayer can receive more than 20 percent of the credits.

On the bill, Rep. Gordon Denlinger (R-Lancaster) remarked that he fully supports the legislation and applauded Rep. Stern's efforts. However, he asked the committee and members to continue to consider the importance of tourism funding in the future. Although he does recognize budgetary restrictions, he stressed his belief that Pennsylvania is being shortsighted with regard to a funding stream for tourism. He noted that line-items have been zeroed-out while other states are making critical investments in tourism.

Chairman Stern expressed his appreciation of the comments, and asked members to "stay tune" to their in-boxes. He announced that he and Chairman Thaddeus Kirkland (D-Delaware) are putting forth another proposal that will provide additional tools to address concerns raised.

House Local Government Committee

6/5/13, 10:00 a.m., Room 39 East Wing

HB 1230 Ross, Chris - (PN 1562) Amends the Real Estate Tax Sale Law, in sale of property, to allow the bureau to incur and recover costs relating to rehabilitation and maintenance as provided for in the bill for property exposed to but not sold at an upset sale. - The bill was unanimously **reported as committed**.

Rep. Chris Ross (R-Chester) explained that his proposal is a Local Government Commission bill that deals with a situation in the real estate tax sale law when a property is exposed for sale and fails to meet the minimum price. He said that when the property reverts to the county to be taken care of there has been a lack of clarity regarding the county's right to be able to expend money to maintain the property adequately so that it doesn't become a public nuisance, and furthermore the county's ability to recover the cost when the property is sold. The language is designed to explicitly give the county the authority and power to not only stabilize the property but also recover the cost of that stabilization after the property is disposed of.

Chairman Harper mentioned that often in these situations the local government receives the complaint about a property. She asked if local government cuts the grass and puts a lien on the property if receiving the complaint would still be possible. Rep. Ross replied "it would seem to me that they would act as an agent for the county in that situation, so therefore they would be able to hopefully get the county's agreement to do that on their behalf and then in turn be compensated by the county."

Rep. Kevin Schreiber (D-York) asked if it would it be possible to add third party redevelopment authorities to the legislation. Rep. Ross indicated there is a process for conservatorship which is a separate area of law not included in the legislation. He said, "It is a very narrow focus for a fix for a very narrow set of circumstances." Rep. Schreiber shared his concern regarding municipalities receiving complaints about properties and stated that the municipality often sends the public works crew to clean up illegal dumping in urban areas. Rep. Ross said he hopes that with his legislation those municipalities that have gotten cooperation from counties in the past will now.

BILL REPORT

ATTACHED TO THE REPORT

STATE NEWS

HOUSE GETS TWO NEW MEMBERS

The House of Representatives is back to full strength now that the two newest members have taken their oath of office. Reps. Kevin Schreiber, a longtime economic development administrator in York City, and Daniel Miller, a lawyer from Allegheny County, were sworn in while family and friends looked on.

NO MOVEMENT ON PENSION REFORM

Despite a push from Gov. Tom Corbett, pension overhaul appears to be the least likely of Mr. Corbett's major legislative proposals to be completed by the June 30 budget deadline. Pension overhaul plans were not included in the House Republican budget proposals. "As things stand today, it would be accurate to say the budget, transportation funding and liquor sales reform are farther advanced than pension reform," said Erik Arneson, spokesman for Senate Majority Leader Dominic Pileggi, referring to the governor's other major stated priorities.

STATE OFFERS \$10M FOR NATURAL GAS VEHICLE CONVERSIONS

State environmental officials are offering \$10 million worth of incentives to companies, government agencies and nonprofits for the purchase of cars or light trucks that run on natural gas or to convert lighter-weight vehicles that now use gasoline. The Pennsylvania Department of Environmental Protection launched the program in a bid to generate demand for natural gas vehicles.

IN THE NEWS

House Finance Committee Examines Grove's Property Tax Elimination Legislation

HARRISBURG – The House Finance Committee Monday examined several property tax reform proposals, including Rep. Seth Grove's (R-Dover) House Bill 1189, known as the Optional Property Tax Elimination Act.

"While I can appreciate the desire for a complete statewide elimination plan, the reality is that there are not enough votes in the Legislature to adopt such a proposal," said Grove. "My legislation will allow the issue to be decided at the local level by school boards. After all, property taxes are a local issue. They vary by region and school district. Property tax reform is simply not an issue we can tackle with a broad stroke at the state level. School districts have the best understanding about the needs of the residents they serve and the local economy, so they should decide how best to fund their services."

Grove's [House Bill 1189](#) would allow school districts to collect an elimination tax to eliminate or reduce property taxes. Types of elimination taxes permissible under the legislation would include Earned Income and Net Profits, Mercantile and Business Privilege. School boards would be required to hold a public hearing about the proposal and post a public notice of its intent before adopting such an ordinance.

Every dollar collected through the elimination tax would be applied directly to the reduction of the property tax millage rate. If the millage rate is eliminated, elimination tax increases would be held to limits already outlined in state law.

"Pennsylvania is very diverse state, which has made it very difficult to find a one-size-fits-all statewide solution," said Grove. "Not all school districts are faced with the same funding and property tax issues. The goal of any property tax reform should be to allow school districts to retain local control and to ensure all tax dollars stay in their home district. No one wants to see additional local tax dollars sent to Harrisburg for redistribution to other school districts throughout the state. My plan would keep taxpayer dollars in their home school district, while providing for the opportunity to finally end the financing of education through property taxes."

Coalition for an Affordable Bay Solution: Change of Approach for Chesapeake Bay Compliance Costs Must be Adopted to Achieve Economic Sustainability

Competitive bidding procurement program benefits environment and PA taxpayers

MANHEIM, Pa.--(BUSINESS WIRE)--The number one initiative of the [Chesapeake Bay Foundation's \(CBF's\) 2013 Smallmouth Bass Report: Angling for Healthier Rivers](#) is to reduce excess nutrient loading to the Chesapeake Bay (CB), the Susquehanna River and its tributaries. The recent CBF Policy Statement supports a "competitive process" but not the competitively bid verified nutrient procurement legislation that [The Coalition for an Affordable Bay Solution \(CABS\)](#) supports. However, a competitive process does require adoption of a least cost solution based upon verified nutrient reductions.

The existing level of Chesapeake Bay compliance costs is economically unsustainable and a change of approach must be adopted to achieve affordability. Taxpayer funds should be able to procure the least cost verified nutrient reduction solution – regardless of source – through a competitive bidding procurement program. This program needs to provide financial accountability by shifting the performance risk from the taxpayer to the credit generator (or recipient of taxpayer funds). Also, the program must be based upon nutrient reductions verified by the Commonwealth versus certified nutrient reductions, which are based upon variable models.

If the current approach to reducing compliance cost does not change, default is inevitable. The Pennsylvania Legislative & Budget Finance Committee [recently published a study](#) projecting that CB nutrient mandate compliance costs could be reduced by up to 80% if competitive bidding is adopted. The estimated savings to Pennsylvania taxpayers was projected to be as much as \$1.5B annually by 2025.

CABS supports legislation that **requires** under a competitive bidding program that the lowest cost verified nutrient reduction solution be adopted. This initiative enables all sectors (public, private, regulated and unregulated) to participate in a competitive bidding verified procurement program. The scoring program to determine winning bids is based upon verified (measured) reductions and not certified reductions. The Pennsylvania trading program now requires credits be verified in order to be eligible for trading.

The existing level of public expenditures on the nation's number one clean water issue (excess nutrient loading to our fresh water resources) needs to be dramatically reduced while total nutrient reductions need to be dramatically increased. The answer lies in creating a transparent market for goods and services (in this case verified nutrient reductions) through competitive bidding.

The value of technology has always been measured by a simple formula: do more with less. The CABS supported legislation is designed to bring an economically sustainable solution to this issue for the benefit of the environment, its habitat and the taxpayers of the Commonwealth.

For more information on Coalition for an Affordable Bay Solution, as well as a list of founding members and supporters, please visit www.AffordableBaySolutions.org.

Major Watershed Improvement Act Introduced in Pennsylvania Senate

NEW YORK, June 5, 2013 /PRNewswire/ -- Bion Environmental Technologies, Inc. (OTC QB/BB: BNET) supports adoption of the Major Watershed Improvement Act, Pennsylvania Senate Bill 994, introduced on June 4 by Senator Elder A. Vogel, Jr., Chairman of the Pennsylvania Senate Agriculture & Rural Affairs Committee.

The legislation will enable all verified credit generators (public and private; regulated and unregulated) to develop projects and sell verified nutrient credits on a long term basis under a competitively-bid procurement program. This statewide program will enable Pennsylvania to use these verified nutrient reductions to initially meet their federal Chesapeake Bay mandate. The recent Pennsylvania Legislative Budget & Finance Committee study, A Cost Effective Alternative Approach to Meeting Pennsylvania's

Chesapeake Bay Nutrient Reduction Targets", projected such a program would reduce Pennsylvania's nutrient compliance costs by up to 80% and provide environmental and economic benefits to the local watersheds where the improvements occur.

This legislation will enable the agricultural sector, primarily livestock agriculture, to provide low cost solutions to Pennsylvania's federally-mandated requirement to reduce nutrients to the Chesapeake Bay. The Bay's (and the Nation's) greatest water quality problem today is excess nutrients that severely degrade our freshwater resources as well as create hypoxic zones (dead zones) in downstream estuary waters such as the Chesapeake Bay and in the Gulf of Mexico. Bion has had discussions with other states in the Mississippi River and Great Lakes basins and believes that successful adoption and implementation by Pennsylvania will be followed by many other states that also need cost-effective solutions.

Public spending on clean water at the federal, state and local levels, mostly driven by nutrient-removal costs, is increasing rapidly and reached \$114B in 2010. Private sector agriculture, primarily the livestock sector, has long been acknowledged to represent the low-cost solution to excess nutrients but was prevented in the past from providing that solution by the lack of a cost-effective technology.

Bion has demonstrated a cost-effective technology solution that generates verified nutrient reductions from livestock waste treatment. Bion's technology utilizes an approved sampling protocol and actual lab data in the same manner and to the same standards as point sources such as municipal waste water treatment plants. With the availability now of advanced technologies, the only remaining barrier to engage these cost-effective private-sector solutions is access to funding to implement them.

This legislation will address that final barrier by providing equal access to public funding for both public and private mitigation projects through a competitive bidding process, where solutions will be evaluated and funded based on cost and the value of their local watershed benefits. Ed Schafer, former U.S. Secretary of Agriculture, head of the Coalition for an Affordable Bay Solution (CABS) and Bion's Executive Vice Chairman, stated, "The farming community has long awaited this important opportunity, which allows the financing and installation of new technologies to reduce the amount of nutrients flowing into our Nation's watersheds. The proposed legislation to implement a competitive bidding process for the Commonwealth of Pennsylvania is cutting-edge public policy and will lead to improved water management with lower costs to the citizens." Bion is a founding member of CABS, along with Kreider Farms, Fair Oaks Farms and JBS, SA.

Successful adoption of this legislation will give Bion and others the opportunity to compete for public funding specifically allocated to address excess nutrients. If such a program is implemented, Bion expects that the policies and strategies being developed in Pennsylvania will not only benefit the Company's existing and proposed Pennsylvania projects but will also form the basis for an overall Chesapeake Bay watershed and national clean water strategy.

Bion Environmental Technologies has provided environmental treatment solutions to the agriculture and livestock industry since 1990. Bion's patented, next-generation technology provides a unique comprehensive treatment of livestock waste that achieves substantial reductions in nitrogen and phosphorus, ammonia, greenhouse and other gases, as well as pathogens, hormones, herbicides and pesticides in the waste stream. Bion's process simultaneously recovers cellulosic biomass from the waste stream that can be used to produce renewable energy. Bion's technology enables the reduction of nutrients and other pollutants from existing livestock operations, as well as the ability to develop new, state-of-the-art livestock facilities in strategic locations with minimal environmental impacts and substantially improved resource and operational efficiencies.

In August 2012, Bion's system at Kreider Dairy, a 2,000 cow dairy facility in Lancaster County, Pennsylvania, was issued a full and final water quality permit and its nitrogen reduction verification plan was approved by the PA Department of Environmental Protection. Verified nitrogen reductions from Bion's treatment of dairy and other livestock waste can be achieved at a fraction of the cost of traditional solutions that remove nitrogen at downstream 'point sources' such as municipal waste water treatment

plants, power plants and other industrial facilities, and the treatment of storm water runoff. For more information, see Bion's websites, www.biontech.com and www.bionpa.com.

- 06-06-2013 **U.S. Open may turn area roads into sand traps**
Along Golf View Road on Tuesday evening, just a few paces from the Merion Golf Club, a group of parents gathered as their children sold lemonade on the sidewalk. A topic of the evening's discussion: with the U.S. Open arriving next door in a few days, how exactly are people going to get around?... - [Philadelphia Inquirer](#)
- 06-05-2013 **Is end near for state's property tax?**
WILKES-BARRE — Dave Baldinger has pushed this cart up the hill for the last decade, at his own time and expense, because, he says, he believes so deeply in it: Eliminate school district property taxes. This year, Baldinger said, could be the tipping point. The administrator of the Pennsylvania Coalition of Taxpayer Associations,... - [Wilkes-Barre Times Leader](#)
- 06-04-2013 **Streams, sludge, students: Program teaches pupils how daily habits affect Chesapeake**
How do you convince a high school student from Lancaster city who has never traveled far, or been on a boat, that his daily habits might harm the Chesapeake Bay? You put him on a boat for the first time on the Patapsco River in Baltimore and let him haul in a net with oysters and dredge a sample from the bottom... - [Lancaster Intelligencer Journal](#)
- 06-04-2013 **Brubaker will leave state Senate at end of his term**
For Mike Brubaker, it's all about family. The two-term state senator and one of Lancaster County's most influential lawmakers unexpectedly announced Monday he will step away from politics at the end of 2014 to spend more time at home. "Eight years of this kind of lifestyle —a very hectic lifestyle —... - [Lancaster Intelligencer Journal](#)
- 06-04-2013 **State lawmakers eye different property tax reform proposals**
York, PA - State Representatives Keith Gillespie, Seth Grove and Jim Cox all want to reform the property tax system in Pennsylvania. But the three Republicans have different ideas of how to do so. They presented their ideas Monday during a state House Finance Committee... - [York Daily](#)
- 06-03-2013 **Tax provides funding after state budget cuts**
A 2012 study conducted by The Center for Rural Pennsylvania shows that organizations that promote tourism such as the Lycoming County Visitors Bureau heavily depend on hotel tax revenues to support their operating budgets, especially after state funding for programs was eliminated.... - [Williamsport Sun-Gazette](#)
- 06-03-2013 **Legislation would close loophole that lets some off**
State Sen. E. Eugene Yaw, R-Loyalsock Township, has authored legislation to end a loophole in the hotel room tax that applies to certain counties, including Lycoming County. SB300 - introduced in the 2011-12 session - would have required companies that book large blocks of hotel rooms to be responsible to pay... - [Williamsport Sun-Gazette](#)
- 06-03-2013 **U.S. Open parking sites set: Fans can use Rose Tree Park & PPL Park**
The United States Golf Association is known for enforcing its rules and it likely won't be any different when it comes to parking for the U.S. Open at Merion Golf Club in Haverford Township June 10-16. The USGA announced Wednesday the parking options it will have available to... - [Primos Delaware County Daily and Sunday Times](#)

WEEK IN REVIEW

- 06-07-2013 **Leading Republican senator calls for expansion of film tax credit**
HARRISBURG — The Senate majority leader said Thursday he'll introduce legislation to expand Pennsylvania's film tax credit, which gives producers a tax break for filming in the state. Dominic Pileggi's bill would seek to "uncap" the tax credit that is limited to \$60 million a year, his office said.... - [Pittsburgh Tribune-Review](#)

- 06-07-2013 **Pa. opens amnesty plan to reclaim incorrect jobless benefits**
HARRISBURG - To those who mistakenly - or not so mistakenly - received unemployment compensation benefits to which they weren't entitled, Pennsylvania wants its money back. In an effort to reclaim \$613 million due to the fund, the state Department of Labor and Industry is rolling out what it says is the nation's first... - [Philadelphia Inquirer](#)
- 06-06-2013 **Pa. Senate passes \$2.5 billion transportation bill**
HARRISBURG - The state Senate approved a \$2.5 billion transportation-funding bill Wednesday, aimed at repairing thousands of aging bridges and miles of roads while pumping more money into transit, setting the stage for a fight over the bill's fate in the House.... - [Philadelphia Inquirer](#)
- 06-06-2013 **Pennsylvania still simmers over the Jerry Sandusky scandal, poll shows**
A new statewide poll shows more than anything that many Pennsylvania voters are still angry over the Jerry Sandusky child sex abuse scandal, and that Gov. Tom Corbett still seems to be their most convenient target. Jerry Sandusky arraignmentView full sizeJerry Sandusky arrives for... - [Harrisburg Patriot-News](#)
- 06-05-2013 **Pa. senator to submit a different plan on privatizing liquor stores**
HARRISBURG -- After a final hearing on privatizing state liquor sales, the chairman of a key Senate committee said Tuesday he will unveil a plan that departs from the House proposal with less than two weeks to negotiate differences before Gov. Tom Corbett's requested deadline.... - [Pittsburgh Post-Gazette](#)
- 06-05-2013 **Schedule shows Corbett works on re-election**
HARRISBURG — Gov. Tom Corbett scheduled at least 29 campaign meetings during the first four months of this year, a sign the 2014 re-election campaign is on his mind as he balances an array of official duties with a high-pressure legislative agenda... - [AP](#)
- 06-04-2013 **PA House Republican budget moves forward, as Democrats push own plan**
The House Appropriations Committee on Monday approved a \$28.3 billion state budget blueprint that closely tracks what Gov. Tom Corbett proposed, while Senate Democrats unveiled their own plan to compete against proposals backed by the Republican majority that controls both houses of the... - [AP](#)
- 06-04-2013 **Sales tax collections help drive up May revenue for state**
Stronger-than-expected revenue collections in May could put state budget negotiators in the preferred position of having some extra money to spend as they set about finalizing next year's spending plan. The Department of Revenue's revenue report for May shows the state took... - [Harrisburg Patriot-News](#)
- 06-03-2013 **Watchdog agencies gain in proposed Pa. budget**
HARRISBURG - The \$28.3 billion state budget bill rolled out last week by the House Republican majority emphasizes government transparency and accountability as one of the guideposts framing the tax-and-spend plan. The bill, which faces action this week in the House Appropriations... - [Pottsville Republican and Evening Herald](#)
- 06-03-2013 **Pa. Senate bill would hike traffic fines to fix roads**
Facing a daunting number of crumbling bridges and deteriorating roads, some of York County's state legislators are among those supporting a bill to increase some fees and fines to offset the cost of repairing and replacing the state's aging infrastructure. Among the proposals is a \$100 surcharge on traffic fines -- such as... - [York Dispatch](#)