Week of February 12, 2018

**HEADLINES**

**Attorney General Shapiro Warns Consumers of Fake IRS Calls and Scams as Tax Season Gets Underway**

As tax season gets underway, Attorney General Josh Shapiro is warning consumers about fraudulent calls and scams from criminals impersonating IRS agents – and telling recipients they need to send money right away or risk arrest by the IRS. Attorney General Shapiro and his Bureau of Consumer Protection offered a series of tips for consumers to help avoid being scammed: The IRS does not use threatening or aggressive calls. A scammer may threaten to involve the police, immigration officers or other law enforcement if you do not pay promptly; the IRS does not initiate contact with taxpayers by email, text or social media, especially contact seeking personal financial information; do not trust the number you see on your caller ID, even if it appears to be coming from the IRS; do not give out personal information over the phone; do not provide information over the phone, even if the caller claims to be from the IRS or your bank; and the IRS does not require taxpayers to use a specific method of payment such as a pre-paid debit card, money order, wire transfer, gift cards or cash. Attorney General Shapiro also encouraged consumers to be wary of pursuing tax refund anticipation checks. These offers may seem like quick, easy money, but the companies offering them charge high interest rates and exorbitant fees off the full refund the taxpayer earned.

**TREASURER TORSELLA ANNOUNCES SUBSTANTIAL FEE REDUCTION FOR PA 529 INVESTMENT PLAN ACCOUNT HOLDERS**

Pennsylvania Treasurer Joe Torsella Thursday announced that PA 529 Investment Plan (PA 529 IP) account holders will see a substantial fee reduction as the result of Treasury renegotiating contracts with its record-keeper, Ascensus, and investment manager, Vanguard, bringing the program’s fees down to among the lowest for any comparable state plan. Treasury is reducing the asset-based fees that PA 529 IP account owners pay by 10.5 basis points, a nearly 1/3rd reduction from their current level. PA 529 IP fees will now range from 0.23-0.33 percent, depending upon the investment option selected, a 24.4 – 31.8 percent reduction from current levels. Over the life of the five-year contract Treasury projects that savings will be approximately $17.5 million. The [Pennsylvania 529 College Savings Program](http://link.email.dynect.net/link.php?DynEngagement=true&H=s8mq%2BFF8Y8J%2F7%2FXrLp5ygdcwMPrxjsUdQBMch4EEnHhpCCjF3%2FNlfHNThTuFoj6S%2F2mitLgPF2s8UTWZPfrgFGsa3vkO34npPFs7K8ofu2w7I05zYiM0fg%3D%3D&G=0&R=http%3A%2F%2Fwww.pa529.com%2F&I=20180215172440.000001b634cf%40mail6-34-usnbn1&X=MHwxMDQ2NzU4OjVhODVjMjNiODZjNGE1NGZmYzFmODZhMjs%3D&S=G3GFzoNXv3kHChdeDCgESbYKldhYY3dq0WTRQPGlTYc) provides ways to save for education through two distinct plans – the [PA 529 Guaranteed Savings Plan](http://link.email.dynect.net/link.php?DynEngagement=true&H=s8mq%2BFF8Y8J%2F7%2FXrLp5ygdcwMPrxjsUdQBMch4EEnHhpCCjF3%2FNlfHNThTuFoj6S%2F2mitLgPF2s8UTWZPfrgFGsa3vkO34npPFs7K8ofu2w7I05zYiM0fg%3D%3D&G=0&R=https%3A%2F%2Fwww.pa529.com%2Fguaranteed-savings-plan%2F&I=20180215172440.000001b634cf%40mail6-34-usnbn1&X=MHwxMDQ2NzU4OjVhODVjMjNiODZjNGE1NGZmYzFmODZhMjs%3D&S=WHyrqhJgarCcOpyxXh_3O-NWa0cE3sGqf_KsuUnftg0) (PA 529 GSP) and the [PA 529 Investment Plan](http://link.email.dynect.net/link.php?DynEngagement=true&H=s8mq%2BFF8Y8J%2F7%2FXrLp5ygdcwMPrxjsUdQBMch4EEnHhpCCjF3%2FNlfHNThTuFoj6S%2F2mitLgPF2s8UTWZPfrgFGsa3vkO34npPFs7K8ofu2w7I05zYiM0fg%3D%3D&G=0&R=https%3A%2F%2Fwww.pa529.com%2Finvestment-plan%2F&I=20180215172440.000001b634cf%40mail6-34-usnbn1&X=MHwxMDQ2NzU4OjVhODVjMjNiODZjNGE1NGZmYzFmODZhMjs%3D&S=yGetSZu-NlSUJDEJTD70BkbXhAP5TuvpGtv4HivdLr4)(PA 529 IP). The PA 529 GSP is a simple, lower-risk way to save for tomorrow’s post-secondary expenses at today’s rates. Account holders that save enough for a semester at a post-secondary institution rates today, will have enough for a semester at that school in the future – no matter when or how much tuition has gone up in the meantime. The PA 529 IP provides the account holder with the ability to select from a list of 15 investment options from Vanguard, one of America's largest financial service companies.

**Pennsylvania 529 Tuition Program Co-Sponsor Memo**

Senate Majority Leader Jake Corman circulated a co-sponsor memo for legislation he says will strengthen the Pennsylvania 529 Tuition Account Program (TAP) by limiting tax incentives solely to Pennsylvania’s plan. TAP is free of all federal, Pennsylvania and local taxes. Thirty-five states provide a tax incentive, but Pennsylvania is one of five states which provides a tax deduction for contributions made to any 529 program, in-state or out-of-state. His memo provides the following statistics. “Based on data from the Pennsylvania Department of Revenue, Treasury estimates that between 2013 and 2015, over $900 million in contributions have gone to out-of-state 529 programs. As a result, Pennsylvanians are, in effect, subsidizing other states’ programs and reducing the effectiveness of the Commonwealth’s own program.

**Sales and Use Tax Co-Sponsor Memo**

Senator Camera Bartolotta circulated a co-sponsor memo for legislation to amend the Tax Reform Code to exempt from the Sales and Use Tax the removal of waste grease from various facilities which the Pennsylvania Department of revenue has determined to be a form of maintenance and subject to the sales tax. The hauling and removal of general waste from the building sites is exempt from the sales tax. This legislation would clarify that the exemption would also apply to the removal of waste from a grease trap.

**TREASURER TORSELLA HEARS TESTIMONY ON POSSIBLE SOLUTIONS TO STATE’S PRIVATE SECTOR RETIREMENT SECURITY CRISIS**

Pennsylvania Treasurer Joe Torsella Wednesday convened the last of four public hearings to explore the state of retirement security in Pennsylvania. Today’s hearing focused on potential solutions to the looming retirement crisis. As part of the hearing, Treasury’s Task Force on Private Sector Retirement Security heard testimony from the state treasurers of Vermont, which introduced the first state-facilitated multiple-employer retirement plan in the nation and Oregon, which was the first state to launch an IRA program with automatic enrollment and payroll deduction, also known as an "auto-IRA.” Wednesday was the final of four hearings that addressed the full scope of the retirement security crisis in Pennsylvania through testimony from experts from both the public and private sectors. Last month, Treasury released its independent study evaluating the financial impact of insufficient retirement savings on the Commonwealth. The study determined that the commonwealth spent an estimated $702 million in additional public assistance costs and lost an estimated $70 million in state tax revenue in 2015 due to insufficient retirement savings by Pennsylvania residents. These amounts are projected to grow to $1.1 billion in added annual public assistance costs and $106 million in annual lost revenue in 2030, for cumulative totals of $14.3 billion in increased assistance costs and $1.4 billion in lost revenue from 2015 to 2030.

**House committee holds hearing on regulating municipal electric rates**

The House Local Government Committee gathered Tuesday to evaluate the benefits and disadvantages of passing House Bill 1405. HB 1405 has two main functions. It would not allow municipalities to transfer money from electric funds to general funds. It would also provide residents within municipalities that have electric service monopolies to have more protections so these residents would have choice. Rep. Aaron Bernstine (R-Ellwood) created this bill because he says his constituents cannot afford the fluctuating electric rates. Also, he said that he did not approve of the local rates being inflated because of the taxes placed on energy. He chose to propose the bill instead of putting these counties under the PUC because it would be expensive and the taxpayers would pay the cost. Both Rep. Bob Freeman (D-Northampton) and Rep. Tom Mehaffie (R-Dauphin) expressed concern that the decrease in electric rates will lead to higher local government-levied property taxes to make up for lost funds. Beverly Annarumo, president of Ellwood City Hospital, said she’d rather take the property tax increase. “With fluctuation, we never know what our bills will be,” Annarumo said. “At least with taxes, we know what it will be and we can write those taxes off.”

**Auditor General DePasquale to Audit Delaware, Susquehanna River Basin Commissions**

Auditor General Eugene DePasquale stated he is immediately starting the department’s first-ever audits of the [Delaware River Basin Commission](http://www.state.nj.us/drbc/) and the [Susquehanna River Basin Commission](http://www.srbc.net/). The two separate audits will be conducted simultaneously, focusing on six objectives specified in the state fiscal code (Act 44 of 2017), which mandated the audits review: The cost of salaries, benefits and other compensation provided to the officers and employees of the commission; the cost of expense reimbursements provided to the officers and employees of the commission, other fixed and variable costs of the commission; the potential for improved efficiencies and overall cost reductions, including an analysis of duplication of commonwealth efforts and the ability to share equipment, services or personnel with commonwealth and local agencies; contributions to the commission by the commonwealth or any person within this commonwealth, whether via appropriations, fees, penalties or otherwise, in comparison to other signatory parties; and the impact of the fees and penalties of the commission on public and private entities within the commonwealth. The audits will cover July 1, 2016 to June 30, 2017 and are expected to be completed this summer.

**Governor Wolf Announces Pittsburgh Has Emerged from Distressed Status Under Act 47**

Governor Tom Wolf announced that the city of Pittsburgh’s status as a distressed municipality under Act 47 is terminated. Pittsburgh is the second city and 14th municipality to exit the program. In a ceremony at the City-County Building, Governor Wolf joined Pittsburgh Mayor William Peduto, city officials, local legislators, economic development officials, and Department of Community and Economic Development (DCED) Secretary Davin, who issued a formal determination letter finding that termination of the city’s distressed status was appropriate under Section 255.1 of Act 47. Secretary Davin made the decision after a thorough review of the city’s audits, financial data, and the record from a public hearing held on December 20, 2017. Pittsburgh has operated under Act 47 status for 14 years, entering on December 29, 2003. Since 2015, five municipalities, including Pittsburgh, have recovered from distressed status. Others include Altoona, Blair County, Plymouth, Luzerne County; Nanticoke, Luzerne County; and Clairton, Allegheny County. The Municipalities Financial Recovery Act, Act 47 of 1987, was enacted to provide a broad-based program of fiscal management oversight, technical assistance, planning and financial aid to municipalities experiencing severe fiscal distress.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2018 SENATE SESSION SCHEDULE**

March             19, 20, 21, 26, 27, 28

April               16, 17, 18, 23, 24, 25, 30

May                1, 2, 21, 22, 23

June               4, 5, 6, 11, 12, 13, 18, 19, 20, 25, 26, 27, 28, 29

**2018 HOUSE SESSION SCHEDULE**

March             12, 13, 14

April               9, 10, 11, 16, 17, 18, 30

May                1, 2, 22, 23

June                4, 5, 6, 11, 12, 13, 18, 19, 20, 21, 25, 26, 27, 28, 29, 30

**UPCOMING COMMITTEE MEETINGS AND HEARINGS**

[House Budget Hearing Schedule](file:///%5C%5CMWPAS01%5CMWPA%5CLegislative%20Reports%5CPCPCS%5CJanuary%5CHouse%20Budget%20Hearing%20Schedule)

[Senate Budget Hearing Schedule](http://appropriations.pasenategop.com/wp-content/uploads/sites/41/2013/09/Budget-Hearing-Schedule-2018-19-020818.pdf)

**Department of Revenue Updates**

None

**IRRc Updates**

None