

**Week of February 29, 2016**

**PSTAP LEGISLATIVE UPDATE – HARRISBURG HEADLINES**

**REP. GERGELY CHARGED IN CONNECTION WITH ILLEGAL GAMBLING RING**

Criminal charges have been filed against Representative Marc J. Gergley (D-Allegheny County) for allegedly using his position as an elected official to assist a family friend with maintaining an illegal gambling ring. The charges filed against Rep. Gergley resulted from a joint investigation conducted by the Office of Attorney General and the Pennsylvania State Police. The family friend, Ronald “Porky” Melocchi was criminally charged for running an illegal gambling enterprise in September 2013. At the time, 330 video gaming machines located in the McKeesport area were confiscated from bars, restaurants and other businesses. Wiretaps and other evidence collected during the ongoing investigation tied Rep. Gergley to Mr. Melocchi’s illegal enterprise, which resulted in the filing of criminal corruption charges.

**CASH STRAPPED SCHOOL DISTRICTS HELD HOSTAGE WITH THE BUDGET IMPASSEE**

Both the House and Senate Appropriations Committees completed their second of three weeks of budget hearings this week. However, in testimony presented by the Pennsylvania's Auditor General Eugene DePasquale before the House Appropriations Committee, Pennsylvania school districts are entering a far worse position as the Commonwealth’s budget impasse continues. According to the Auditor General, school districts borrowed an estimated one billion-dollar before Governor Wolf released partial funding in December and now those funds are running out. He warned that school districts that have depleted their funds and already have one loan may not be able to get another one or if they do, it will be at substantially higher interests rates, which further exasperates the funding crisis. Late last week, the Pennsylvania Department of Education developed and disseminated a school closing checklist to provide schools with protocols to successfully shut their doors much to dismay of the members of General Assembly. On a brighter note, the usual cash-strapped Philadelphia School District ended its current fiscal year with an $88 million surplus as a result of new revenue sources, including an increased cigarette tax.

**LEGISLATION INTRODUCED TO DETERMINE LEGISLATORS PAY**

HB 269 introduced by Representative Lawrence would establish a Citizens Compensation Commission to determine salaries for legislators. Senator Teplitz released a cosponsorship memo indicating that he will introduce similar legislation based off of a California system adopted after voters approved a ballot referendum creating a commission to review government salaries. The legislation also repeals annual legislative COLAs, which will no longer be necessary once the commission starts establishing annual salaries.

**LANCASTER COUNTY LEGISLATORS TO INTRODUCE THE “HEAT” ACT**

Senator Ryan Aument (R-Lancaster) and Representative Bryan Cutler (R-Lancaster) announced plans to introduce the Higher Education Accountability and Transparency (HEAT) Act. The legislation would create an online aid to help prospective college students and their parents to review various institutions of higher learning and choose a school that best meets their educational and financial needs. The Pennsylvania Department of Education would be charged with creating a comparison tool on its website to allow users to quickly and easily examine many of the factors that are important to parents and students, such as average tuition, graduation and transfer rates, percentage of students receiving federal aid and average borrowing amounts.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2016 SENATE SESSION SCHEDULE**

**March** 14, 15, 16, 21, 22, 23

**April** 4, 5, 6, 11, 12, 13

**May** 9, 10, 11, 16, 17, 18

**June** 6, 7, 8, 13, 14, 15, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30

**2016 HOUSE SESSION SCHEDULE**

**March** 14, 15, 16, 21, 22, 23

**April** 4, 5, 6, 11, 12, 13

**May** 2, 3, 4, 16, 17, 18, 23, 24, 25

**June** 6, 7, 8, 13, 14, 15, 20, 21, 22, 23, 24, 25, 26, 27, 28, 29, 30

**ANNOUNCEMENTS FROM THE PENNSYLVANIA DEPARTMENT OF REVENUE**

**DOR RELEASES FEBRUARY 2016 COLLECTIONS**

The Pennsylvania Department of Revenue released its February 2016 collections, which indicate revenues came in 2.9% higher than anticipated. Year-to-date collections total $17.8 billion for the General Fund, or 0.3% more than expected. Itemized tax collections are as follows:

* Sales tax receipts totaled $668.3 million for February, $9.3 million below estimate. Year-to-date sales tax collections total $6.5 billion, which is $3.2 million more than anticipated.
* Personal income tax (PIT) revenue in February was $821 million, $28.9 million below estimate. This brings year-to-date PIT collections to $7.5 billion, which is $19.9 million, or 0.3 percent, below estimate.
* February corporation tax revenue of $105.5 million was $47.7 million above estimate. Year-to-date corporation tax collections total $1.7 billion, which is $43.2 million, or 2.7 percent, above estimate.
* Inheritance tax revenue for the month was $89.6 million, $23.4 million above estimate, bringing the year-to-date total to $604.9 million, which is $19.7 million, or 3.4 percent, above estimate.
* Realty transfer tax revenue was $33.3 million for February, $6.9 million above estimate, bringing the fiscal-year total to $325.1 million, which is $8.7 million, or 2.7 percent, more than anticipated.
* Other General Fund tax revenue, including cigarette, malt beverage, liquor and table games taxes, totaled $101.1 million for the month, $1.6 million below estimate and bringing the year-to-date total to $936.4 million, which is $4.6 million, or 0.5 percent, below estimate.
* Non-tax revenue totaled $35.7 million for the month, $13.2 million above estimate, bringing the year-to-date total to $246 million, which is $10.4 million, or 4.4 percent, above estimate.
* In addition to the General Fund collections, the Motor License Fund received $199.1 million for the month, $11.5 million below estimate. Fiscal year-to-date collections for the fund – which include the commonly known gas and diesel taxes, as well as other license, fine and fee revenues – total $1.7 billion, which is $33.4 million, or 2 percent, below estimate.

**INDEPENDENT REGULATORY REVIEW COMMISSION ANNOUNCEMENTS**

**BOARD OF FINANCE AND REVIEW FINAL FORM REGULATION #64-5**

The Board of Finance and Review’s final form regulation #64-5 (General Provisions; Tax and Other Appeal Proceedings), will be considered by IRRC at its March 10, 2016 public meeting. The final form regulation provides for administrative procedures related to the filing, consideration and final resolutions of appeals from decisions of the Department of Revenue.