

Week of July 17, 2017

**HEADLINES**

**Without revenue package, treasurer warns, Pa. might have to stop spending**

State Treasurer Joe Torsella warned that Pennsylvania could run out of money to pay its bills by the end of August unless the Legislature quickly passes a revenue package to balance its budget. That’s alarmingly early in the fiscal year, said Mr. Torsella, who added that he fears the state’s cash-flow problems could last for a worrisome eight straight months. If the state did run out of money, Gov. Tom Wolf could be forced to make dramatic cuts. The treasurer’s office predicts that without a revenue package, the general fund -- the state's main bank account -- would need to borrow as much as $3 billion this fiscal year. Money in the general fund regularly ebbs and flows throughout the year, and the Treasury typically provides short-term loans to cover the state when its account is short. But in recent years, Mr. Torsella said, the loan amounts have increased and covered longer periods of time.

**PA Senate leaves town as leaders mull House GOP revenue counterproposal**

The Pennsylvania Senate left Harrisburg Tuesday afternoon after a consensus failed to emerge on a plan to plug a $2.2 billion revenue hole that will close out the recently concluded fiscal year and balance the current fiscal year’s spending plan. At this point, the Senate hopes to return to Harrisburg no later than Monday, though whether they could return sooner remained up in the air as discussions on reaching a revenue compromise continue. By all indications, House Republican negotiations have been taken over by House Speaker Mike Turzai (R-Allegheny) who, on Tuesday, presented a plan to Senate Republicans that would not raise any taxes, but instead rely on gaming expansion, further liquor privatization, and fund transfers in addition to borrowing at least $1.5 billion to balance the recently concluded fiscal year’s budget. While the menu of revenue options out there really has not changed much over the last several weeks, Speaker Turzai emphatically declared that a floated concept of charging a gross receipts tax on consumer use of natural gas was off the table. Negotiations are ongoing and the House is expected to reconvene on Saturday July 22nd and Sunday July 23rd.

**Beverage industry appeals to Pa. Supreme Court**

The American Beverage Association, along with local merchants fighting the Philadelphia Sweetened Beverage Tax, has appealed a June ruling upholding the levy. The appeal to the state Supreme Court filed Thursday argues the tax is unlawful because it is passed on to consumers and amounts to a double tax at the register, where customers already pay sales tax. The tax is levied on distributors, and lower courts have ruled twice in favor of the city. Most recently, a panel of seven judges in Commonwealth Court ruled 5-2 upholding the tax. As long as the tax is in litigation, the city has said it will not ramp up the programs the levy funds, which include a citywide pre-K program and borrowing money to rebuild the city’s parks, recreation centers, and libraries.3

**Phone scammers impersonating state Treasury workers**

State Rep. Dan Deasy, D-Allegheny, alerted residents to a telephone scam where fraud artists claiming to be state Treasury employees threaten arrest if unpaid taxes are not paid. “Treasury employees would never call residents in an attempt to collect taxes or solicit a payment over the phone,” Deasy said. “This is yet another criminal scheme to defraud people.” Deasy said residents receiving such a call should cease contact immediately and refrain from sharing personal financial information, especially bank account or credit card numbers. Suspicious calls should be reported to the state Attorney General’s Office, Bureau of Consumer Protection, at 1-800-441-2555 or by email at scams@attorneygeneral.gov. Deasy said state Treasurer Joe Torsella has pointed out that his office does not collect taxes and has no arresting authority.

**Councilwoman: Not enough votes to pass proposed tax increase in Pittsburgh**

 A proposed increase in Pittsburgh’s realty transfer tax doesn’t have the five votes necessary to win approval on City Council, Councilwoman Theresa Kail-Smith warned Tuesday. Extra revenue from the increase -— an estimated $10 million a year — would finance the affordable housing trust fund that council approved in December. Councilmen Ricky Burgess and R. Daniel Lavelle have proposed raising the levy in the city to 5 percent from 4 percent to address an estimated shortage of more than 17,000 homes for low- and moderate-income families. Revenue from the higher realty transfer tax would enable the bond issuance, city officials have said. Rev. Burgess laid out a four-point plan aiming to leverage the $100 million debt into $1 billion in overall investment, including private investment in depressed neighborhoods, over 10 years.

**PA Turnpike Commission Approves Six Percent Toll Increase for 2018**

At its bimonthly meeting, the Pennsylvania Turnpike Commission (PTC) approved a six percent toll increase for both E-ZPass and cash customers; the increase is set to take effect at 12:01 a.m. on Jan. 7, 2018. Because of Tuesday’s action, the most common toll for a passenger vehicle will increase next year from $1.23 to $1.30 for E-ZPass customers and from $1.95 to $2.10 for cash customers. The most common toll for a Class-5 vehicle — a prevalent tractor-trailer class — will increase from $10.17 to 10.78 for E-ZPass and from $14.45 to $15.35 for cash.

**PASSHE Chancellor Brogan to leave post**

Frank Brogan, chancellor of the Pennsylvania State System of Higher Education, announced on Monday he will soon leave his post. Brogan, who’s served as chancellor since 2013, plans to retire effective Sept. 1, according to a PASSHE press release. The notice of his impending departure comes just days after a consulting firm tasked with reviewing the financially-strapped system issued a report of its work to PASSHE’s Board of Governors. The report, presented by Dennis Jones of the National Center for Higher Education Management Systems, suggested that a shakeup in PASSHE leadership is needed. It recommends that PASSHE create a new governance structure, clarify the authority given to members of the system and “reorient” the system’s board and the Office of the Chancellor. Brogan notified the board of his retirement prior to the report’s release last Wednesday. The board will name an interim leader while conducting a national search for his replacement.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2017 SENATE SESSION SCHEDULE**

TBA

**2017 HOUSE SESSION SCHEDULE**

July 22, 23

**DEPARTMENT OF REVENUE UPDATE**

**PA Tax Amnesty Collections Exceed Estimate**

The 2017 PA Tax Amnesty Program will provide $114.5 million for the 2016-17 fiscal year budget, exceeding the $100 million net revenue estimate, the Pennsylvania Department of Revenue announced. “By running the tax amnesty program efficiently, the department will provide more revenue than expected for the general fund,” said Secretary of Revenue C. Daniel Hassell. “The temporary program enabled tens of thousands of individuals and businesses to settle their state tax debt and make things right with the commonwealth.” Act 84 of 2016 authorized a tax amnesty that waived all penalties and half of the interest for eligible individuals or businesses that applied to the program and paid delinquent state taxes between April 21 and June 19, 2017. A 5 percent penalty will be added to the accounts of taxpayers who were eligible for the program, but did not participate. The preliminary tax amnesty collections totals may be revised slightly in the coming weeks.

**IRRC UPDATES**

# NOTICES

## INDEPENDENT REGULATORY REVIEW COMMISSION

### Notice of Filing of Final Rulemaking

#### [47 Pa.B. 3933] [Saturday, July 15, 2017]

 The Independent Regulatory Review Commission (Commission) received the following regulations. They are scheduled to be considered on the date noted. The Commission's public meetings are held at 333 Market Street, 14th Floor, Harrisburg, PA at 10 a.m. To obtain a copy of the regulation, interested parties should first contact the promulgating agency. If a copy cannot be obtained from the promulgating agency, the Commission will provide a copy or it can be viewed on the Commission's web site at www.irrc.state.pa.us.

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| **Final** |  |  | **Public** |
| **Reg. No.** | **Agency/Title** | **Received** | **Meeting** |
| 16A-5514 | Bureau of Professional and Occupational Affairs Schedule of Civil Penalties—Accountants | 6/30/17 | 8/24/17 |
| 16A-4413 | Bureau of Professional and Occupational Affairs Schedule of Civil Penalties—Podiatrists | 6/30/17 | 8/24/17 |
| 16A-5513 | State Board of Accountancy Act 73 and Act 15 Amendments | 6/30/17 | 8/24/17 |