

**Week of March 7, 2016**

**PSTAP LEGISLATIVE UPDATE – HARRISBURG HEADLINES**

**LEGISLATION INTRODUCED TO PROVIDE REALTY TRANSFER TAX EXEMPTIONS FOR VETERANS’ ORGANIZATIONS**

Sen. John Rafferty introduced legislation (SB1130) to amend the Pennsylvania Tax Reform Code, to provide a Realty Transfer Tax Exemption for Veterans' Organizations that are nationally recognized. Under current law, veterans' organizations wishing to transfer property from the Home Association to the Post are not excluded from realty transfer tax despite their tax exempt status.  However, SB1130 would still require the Home Association to be dependent upon the national veterans' organization post and the post would still continue to have the authority to disband the Home Association at any time.

**Legislation introduced to enact a tax amnesty program**

Rep. Marguerite Quinn, R - Bucks County has introduced legislation (1888) to allow tax delinquents to come forward and file tax returns in exchange for reduced interest on unpaid tax, abatement on penalties and a limited look back in the statute of limitation. Rep. Quinn’s legislation seeks to replicate the previous tax amnesty program that netted the Commonwealth $250 million over a 54 day period.

**EXECUITVE ORDER INCREASES THE MINIMUM WAGE FOR SOME STATE EMPLOYEES**

Governor Wolf signed an executive order raising Pennsylvania’s minimum wage for 450 mostly part-time employees under the governor’s jurisdiction and employees of state contractors and employees of lessors of property to the Commonwealth performing direct services for the Commonwealth.  According to the Pennsylvania Department of General Services, an estimated 109 vendors in the maintenance, janitorial, landscaping, delivery and food preparation among others could potentially be affected by the executive order. According to the executive order, the minimum wage for these employees would increase from $7.25 an hour to $10.15 per hour and is expected to cost a combined $4.1 million with $1.5 million of that coming from the cost to the Commonwealth.  The minimum wage will also be indexed for inflation and rounded to the nearest $0.05.  Governor Wolf’s 2015-16 budget address called for raising the state's minimum wage to $10.10 an hour and now implores the General Assembly to enact legislation to increase the state minimum wage for all Pennsylvania employees to $10.15.  According to a report released by the Pennsylvania Independent Fiscal Office (IFO) in November 2015, raising Pennsylvania’s minimum wage could lead to the loss of more than 30,000 jobs throughout the Commonwealth. The IFO report released last year supports the findings of a 2014 study by the Congressional Budget Office that showed an increase to $10.10 could lead to the loss of 500,000 to as many as 1 million jobs nationwide.

**BUDGET HEARINGS COME TO A CLOSE**

This week saw the continuation of budget hearings in both the House and Senate. The Senate concluded their hearings on Tuesday and the House finished their hearings on Thursday.   Questions were posed to the PA Department of Banking by members of the House appropriations Committee with regards to the fluctuation of the bank shares tax imposed in the previous fiscal year (.89 to 1.25%) to what is being proposed in the current fiscal (.99%) and whether the banks would be required to retroactively pay the 1.25% if the reduction in tax is enacted sooner rather than later.  Unfortunately Sec. Wiessmann was unable to provide a definitive answer.  During the House Insurance Committee hearing, members of the House appropriations expressed continued frustration over the proposed insurance tax premium from 2% to 2.5% both retroactively and going forward on property and casualty insurers. Secretary Miller noted that although the tax increase was part of last year’s compromise framework, it was not part of Gov. Wolf’s initial 2015-16 proposal. She reported that “in the spirit of compromise,” it was included in the 2016-17 proposal as a piece that was already negotiated but she emphasized the administration is open to alternatives so long as result is the same.  Finally, of note, the Pennsylvania Department of Revenue appeared before the Senate Appropriations Committee where Secretary McNulty fielded questions and largely defended Governor Wolf’s 2016-17 proposed budget.  She also updated the Committee with regards to efficiency efforts undertaken at the Department to modernize, update and replace the department’s tax legacy systems developed more than 40 years ago. Specifically, the modernization effort will address payment integration issues, electronic lien and lien satisfaction filings, which is expected to bring in more than $600,000, the development of a sales tax desk review program, which is projected to net $2.4 million, and advance data capture document scanning and remittance for agencies.

**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