Week of September 19, 2016

**HEADLINES**

**Break’s over! House begins fall session run with lots to do and little time to do it**

With the seasonal calendar officially changing to autumn later this week, the House of Representatives returned to voting session Monday to end the legislature’s summer recess and begin work on a number of top-priority items prior to the constitutional end of the 2015-2016 legislative session. Starting Monday, the House had 14 scheduled session days while the Senate only scheduled ten. Despite the limited time to move bills to the finish line, House Majority Leader Dave Reed (R-Indiana) told reporters Monday that the House is looking to work on a number of high-profile issues like pension reform, opioid-reduction bills, and regional issues. One issue remaining for revenue to support the current fiscal year’s budget is $100 million from gaming revenue. Rep. Reed stated the House before the summer recess passed a proposal that could garner that amount of funding and they are waiting for the Senate to take up that proposal. While he was hopeful something could be accomplished on the gaming revenue this fall, he said since the revenue to be generated comes from licensing fees, it is possible the issue could wait to be resolved by the new legislature this coming spring. Another issue he said the House is open to is altering the e-cigarette and vaping tax that was passed as part of the revenue package supporting the FY 2016-2017 budget.

**New Jersey tax agreement**

Representatives Santarsiero and Dean introduced co-sponsorship memoranda for a resolution urging New Jersey Governor Chris Christie to reconsider the termination of the Pennsylvania-New Jersey Reciprocal Personal Income Tax Agreement of 1977.

**REALTY TRANSFER TAX ON AGRICULTURAL EASEMENTS**

Rep. Dan Moul introduced co-sponsorship memoranda for a bill that would clarify recent changes made to the Tax Reform Code regarding the taxation of Agricultural Conservation Easements. Until recently, the Department of Revenue has taken the position that agricultural conservation easements were not subject to the Realty Transfer Tax since they were not “true easements.” A Tax Appeal decision in 2014 changes that long-standing practice and issued an opinion that found a conservation easement was subject to the Realty Transfer Tax (RTT). This decision cast doubt on whether other agricultural conservation easements would also be subject to the RTT. In response, the tax code portion of this year’s budget added language to specifically exempt agricultural conservation easements from the RTT.  The new language did not include a retroactive effective date. As a result, agricultural conservation easements from the past few years could still receive an RTT assessed.

**HOUSE GAMING OVERSIGHT COMMITTEE ADVANCES HB 1313**

Tuesday, September 20, the House Gaming Oversight Committee reported HB 1313 out of committee as amended. This bill amends the Local Option Small Games of Chance Act by eliminating the weekly aggregate prize limit and imposing $5 tax per game of chance sold by a licensed distributor to a club. It also authorizes the operation of vertical wheel games and coin auctions by eligible organization, and reforms the license renewal process.

**HB 1416 VOTED OUT OF committee**

Hb 1416 was reported as committed from the House Rules Committee and was laid on the table September 20. This bill amends the Tax Reform Code by eliminating the Net Operating Loss cap incrementally over a six-year period ending December 31, 2020. It also changes the cap for carrying forward operating losses from $5 million or 30 percent to 44 percent.

**Pension reform remains in fall legislative mix**

As Capitol observers left things with pension reform in June before legislative attention turned solely to passing a FY 2016-2017 spending plan and supporting revenue, the Senate voted to non-concur in House amendments to Senate Bill 1071, finding disagreeable the so-called “stacked hybrid” approach to pension reform. That vote potentially could mean the legislation will be worked on by a conference committee, which at the time Senate and House leaders agreed to form in order to continue the discussion on the legislation. Legislators working on pension reform legislation did not rule out a conference committee as the means to get pension reform done in the fall, but did note that the limited number of session days in September and October will test the General Assembly’s resolve to get legislation of this magnitude finished. In the Senate, Sen. John Blake (D-Lackawanna)—a Democrat who was a member of the Public Employee Retirement Commission and has articulated his caucus’s position on pension reform in the past—noted part of the issue is that the plans supported in the House and the Senate are vastly different at a very technical level. As such, he said, it will likely take the lead of a third party to help find consensus among the two chambers and the four legislative caucuses.

**Gov. Wolf requests joint session of General Assembly to address opioid crisis**

Gov. Tom Wolf on Friday requested a joint session of the General Assembly so that he may address both chambers at one time concerning the opioid addiction crisis facing Pennsylvania and what policymakers might be able to do to stem the tide. According to the governor’s office, the time of the joint session will be when it is “most convenient” for both the House and the Senate.” As per a special website set up by the governor’s office to outline the reasons for calling a joint session over a special session, it was noted that administration and the legislature share common goal regarding using bills already along in the legislative pipeline. These bills reference requiring physicians to check the prescription drug monitoring database each time they prescribe, increase education of medical students about opioid and pain management, limiting the amount of opioids that can be prescribed in emergency room visits, among other changes to current law.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2016 SENATE SESSION SCHEDULE**

September       26, 27, 28

October17, 18, 19, 24, 25, 26

November16

**2016 HOUSE SESSION SCHEDULE**

September       26, 27, 28

October           17, 18, 19, 24, 25, 26

November       14, 15

**DEPARTMENT OF REVENUE UPDATE**

None

**IRRC UPDATES**

None