

# WEEKLY SESSION NOTES

SENATE REPUBLICAN POLICY COMMITTEE – DAVID G. ARGALL, CHAIRMAN

## Monday, October 23, 2017

[Senate Bill 222](#) (Greenleaf) would amend Title 42 (Judiciary and Judicial Procedure) of the Pennsylvania Consolidated Statutes to add eight judges to the court of common pleas in the following judicial districts: two in the Seventh (Bucks) and one each in the Ninth (Cumberland), Twenty-second (Wayne), Twenty-seventh (Washington), Thirty-second (Delaware), Thirty-eighth (Montgomery), and Forty-third (Monroe). The new judgeships would be created immediately, filled by election in 2019 and sworn into office in January 2020, except for

- The new judgeship for Cumberland County which would be established on January 6, 2020, and initially filled by election at the 2019 municipal election; and
- The new judgeship for Wayne County which would be established on January 3, 2022, and initially filled by election at the 2021 municipal election.

The legislation would also re-establish the senior judge operational support grant program which expired on June 31, 2017. The addition of this provision would apply retroactively to July 1, 2017. [Concurrence in House Amendments: 49-1.](#)

[Senate Bill 260](#) (Ward) would amend the Crime Victims Act to specify the groups, as listed in the legislation, from which the Governor would be required to appoint individual representatives to the Victims' Services Advisory Committee. [Concurrence in House Amendments: 50-0.](#)

[Senate Bill 242](#) (Baker) would amend the Underground Utility Line Protection Law to extend the sunset date of the act and update its provisions. Among other modifications, the measure would:

- Extend the sunset date from December 31, 2017 to December 31, 2024;
- Give oversight of the One Call System to the Public Utility Commission (PUC);
- Establish the lawful start date for a project as three through ten business days following notification to the One Call System;
- Add the following facility owner duties: 1) communicate directly with the excavator within two hours after re-notification with information about the facility location when the facility owner has failed to respond to a locate request or a re-notification from the One Call System, and go to the proposed work site to mark, stake or locate its underground lines or verify that the lines are not within the area of the proposed worksite; 2) submit a report of alleged violation to the PUC through the One Call System within

30 business days of the receipt of notice that the facility owner's lines have been damaged where the cost to repair the lines is over \$2,500 or there has been repeat damage by the same person; and 3) ensure participation in the One Call System's Member Mapping Solutions as determined by the One Call System's board of directors;

- Amend the following One Call System duties: 1) eliminate the requirement that the county recorder of deeds maintain municipal lists and make them available for public inspection; 2) require the One Call System to provide reports of alleged violations and related information per memoranda of understanding between the PUC and the One Call System which may also be made available to PEMA; 3) require notification to a facility owner as soon as possible when an excavator has identified an unmarked or incorrectly marked facility and provide information about the facility owner's responsibilities; 4) remove the Secretary of Labor and Industry as a member of the One Call System's board of directors; and 5) change the fee structure for excavator, designer or operator use of One Call services from a fee per service to an annual fee. Failure to pay the fee would result in a nonpayment enforcement action by the PUC;
- Add the following designer duties: 1) report an alleged violation to the PUC not more than 30 days after becoming aware of the violation; and 2) pay a request fee to the One Call System when requesting line and facility information;
- Modify the following excavator duties: 1) report, within 10 days, any incident where a facility owner's line is struck or damaged during excavation or demolition or belief that a violation of the act has been committed; 2) re-notify the One Call System of an unmarked or incorrectly marked facility; and 3) make a locate request to the One Call System prior to excavation or demolition and to pay the applicable fee;
- Repeal Section 7.2 of the act, regarding violations and penalties;
- Establish a damage prevention committee consisting of certain members outlined in the bill. The committee would review reports of alleged violations and the damage prevention investigator's findings and recommendations, issue warning letters, issue informal determinations that impose an administrative penalty, require a person to attend a damage prevention educational program and issue informal determinations;
- Require the One Call System to cause a financial audit to be performed annually by a qualified auditing firm with the Commonwealth;
- Authorize the PUC to issue subpoenas and compel the production of necessary materials; and
- Allow the enforcement costs to be included in the PUC's budget, subject to review and approval of the Governor and the General Assembly. [Concurrence in House Amendments: 50-0.](#)

[Senate Bill 542](#) (Browne) would amend the Pharmacy Act to permit a pharmacist to dispense a 30-day emergency supply prescription if the prescription is not dispensed or sold in a 72-hour supply as long as the other restrictions in the act are met. **[Passed: 50-0.](#)**

[Senate Resolution 229](#) (Haywood) designates the week of October 22 through 28, 2017 as “Pro Bono Week” in Pennsylvania. **[Adopted by Voice Vote.](#)**

[House Bill 674](#) (Bernstine) would amend the Fiscal Code to provide implementation language for the 2017-2018 Commonwealth Budget. The legislation would:

- Provide for the intercept of lottery winnings over \$2,500 for state tax obligations and court-ordered obligations after child support obligations are met. The Department of Revenue would also be directed to request that the Department of Human Services make a reasonable effort to determine if a prizewinner is the recipient of public assistance benefits in the Commonwealth and if winning the prize impacts the individual’s eligibility. The Department of Revenue would be required to report annually to the Senate and House Finance Committees on the amount of state tax liability and court-ordered obligations collected;
- Require ambulatory surgical centers to submit annual financial data to the Health Care Cost Containment Council;
- Direct the Joint Underwriting Association (JUA) to pay \$200 million to the General Fund on or before December 1, 2017. The money would be used for medical assistance payments for capitation plans. The JUA would not be liable nor subject to suit for complying with the provisions of the article and making the required payments. The Supreme Court would have exclusive jurisdiction to hear any challenge to or to render a declaratory judgment concerning the constitutionality of the article or to enforce its provisions. If the payment is not made by December 1, 2017, the provisions of Subchapter C of Chapter 7 of the Mcare Act would expire on December 1, 2017, the JUA would be abolished and its money would be transferred to the Insurance Commissioner. The money would be deposited in a special account within the Insurance Department to be used and administered in the same manner as the JUA was authorized or required to administer it. The Commissioner would be required to transfer \$200 million from the funds received to the State Treasurer as soon as practicable after receipt. The Commissioner would also be directed to transfer annually any money he or she determines is in excess of the money needed to administer the funds as required under Subchapter C of Chapter 7 of the Mcare Act;
- Clarify that funds available to the General Assembly through a short-term agreement or other instrument executed with a lending institution would be considered augmenting revenues and appropriated for salaries, wages and other expenses;
- Require public agencies and other entities to respond to audit findings and recommendations of the Auditor General within 120 days of publication of an audit. The Auditor General would be required to post responses on its publicly accessible website

and to notify the Governor and the House and Senate Appropriations Committees when no response is provided;

- Authorize the Auditor General to audit the Susquehanna River Basin Commission and the Delaware Valley River Commission;
- Provide for \$30.4 million from the Volkswagen settlement to be deposited in the General Fund;
- Enable a city of the second class A or a home rule municipality that was previously a city of the second class A to adjust its payroll tax in the second year after the transition to the tax to ensure that payroll tax revenues are equal to revenues from the mercantile or business privilege tax it replaced;
- Continue the Oil and Gas Lease Fund and set the transfer from the Oil and Gas Lease Fund to the Marcellus Legacy Fund for distribution to the Environmental Stewardship Fund at \$20 million for FY 2017-18 and each fiscal year thereafter and at \$15 million for distribution to the Hazardous Sites Cleanup Fund;
- Repeal the expiration date of the section prohibiting well permits for oil and gas exploration in the South Newark Basin until certain conditions are met;
- Establish parameters for when a period of nonproduction under an oil and gas lease is a temporary cessation insufficient to terminate an active lease;
- Require taxicabs operating in Philadelphia to pay one percent of the gross receipts from fares charged to passengers to the parking authority on a quarterly basis. The measure would also allow the parking authority to suspend or revoke the license of a transportation network company that fails to collect and remit a fee of \$0.40 to the second class A county where the airport is located each time a vehicle accesses an international airport to pick up or drop off a passenger. An additional change would allow a vehicle up to 15 model years old to be used to provide transportation network service;
- Authorize \$15 million from funds available to the Commonwealth Financing Authority (CFA) and a transfer of \$10 million from the trust account for the Building Pennsylvania Program to the CFA for water and sewer projects with a cost of not less than \$30,000 and not more than \$500,000;
- Provide that for FY 2017-18, the sum of \$19.659 million would be transferred from the Pennsylvania Race Horse Development Fund in 22 equal weekly installments to the Pennsylvania Race Horse Development Restricted Receipts Account and \$10,066,000 to the State Racing Fund for enforcement of medication rules and regulations;
- Transfer \$2.5 million from the sale of liquor and alcohol to the Department of Drug and Alcohol Programs for FY 2017-18;

- Require any amount transferred from the Workers' Compensation Security Fund under the General Appropriation Act of 2016 to be repaid to the Fund by July 1, 2019;
- Establish the First Chance Trust Fund to provide for the operation of a scholarship program and to provide grants to programs that benefit younger individuals in regions of the Commonwealth that have statistically higher dropout or incarceration rates as determined by the Pennsylvania Commission on Crime and Delinquency. Contractors selected for Department of Corrections contracts over \$5 million would be required to contribute one percent of the contract amount to the Fund. Provisions would be included for other Commonwealth agencies to participate;
- Allow members of the Pennsylvania Malt and Brewed Beverages Industry Promotion Board to be reimbursed by the Department of Agriculture for reasonable and necessary expenses incurred during the performance of their duties on the Board;
- Authorize municipal authorities to replace or remediate private sewer and water laterals if the authority determines the work would benefit the public health;
- Include a new definition for "market value" relating to the calculation of the aid ratio and market value/income aid ratio;
- Direct the Gaming Control Board to require the slot machine license fee for any slot machine license issued in FY 2017-18 to be paid in full no later than June 30, 2018;
- Extend the \$10 surcharge issued and collected by the Unified Judicial System by three years to December 31, 2020 and provide for an additional surcharge of \$2;
- Provide a mechanism for the Liquor Control Board to suspend a license if the establishment does not meet a requirement thus rendering the licensee ineligible for the license, including the licensee no longer meeting the seating, square footage, health license or room requirements;
- Permit the Secretary of Transportation to waive, for good cause, the requirement for local matching funds under the Multimodal Transportation Fund program. In addition, the match requirements for the Commonwealth Financing Authority portion of the program would be waived for municipalities. These provisions would expire December 31, 2018;
- Provide \$5,269,000 to the State Employees Retirement System Board and \$6,801,000 to the Public School Employees Retirement System Board for the establishment of their defined contribution plans;
- Extend the deadline for the Public School Building Construction and Reconstruction Advisory Committee report from May 15, 2017 until January 31, 2018; and
- Provide detailed budget implementation language and direction for state departments and agencies. **Passed: 41-9.**

[House Bill 785](#) (Saylor) would amend the Capital Facilities Debt Enabling Act to reduce the maximum amount of redevelopment assistance capital project obligations that could be outstanding by \$50 million. Beginning July 1, 2018, and each July 1 thereafter, the limitation of \$3,400,000,000 would be reduced by \$50,000,000 per year until the cap is \$3,200,000,000. The measure would also create the Capital Budget Act of 2017-2018. These provisions would authorize the maximum indebtedness that the Commonwealth could incur during the fiscal year for capital projects specifically itemized in a capital budget project itemization act. The legislation would authorize: \$680,000,000 for buildings and structures; \$10,000,000 for furniture and equipment; \$350,000,000 for transportation assistance projects; \$175,000,000 for redevelopment assistance projects; and \$10,000,000 for flood control projects. [Concurrence in House Amendments to Senate Amendments, as Amended: 50-0.](#) (Note: The House amended House Bill 785 further. The Senate concurred in these amendments on Wednesday, October 25, 2017.)

### **Tuesday, October 24, 2017**

[Senate Bill 900](#) (Boscola) would authorize the transfer of title for certain Project 70 lands owned by Lehigh County, commonly known as the Jordan Creek Parkway, to Whitehall Township, Lehigh County. The land would be transferred with all existing restrictions currently imposed by the Project 70 Land Acquisition and Borrowing Act. [Passed: 50-0.](#)

[Senate Bill 921](#) (Browne) would authorize the Department of General Services, with the approval of the Governor, to convey the Allentown State Hospital to TCA Properties, L.P. for fair market value as established through an independent appraisal. No portion of the property could be used for a licensed gaming facility or it would revert to the Commonwealth. The Secretary of General Services could impose any covenants, conditions, restrictions or reservations on the sale of the property that is deemed in the best interests of the Commonwealth. All costs and fees incurred by the Department would be borne by the grantee. If the Department of General Services and the grantee have not executed an agreement of sale within three years of the effective date of the act, the authority for the conveyance would expire. [Passed: 50-0.](#)

[Senate Resolution 168](#) (Langerholc) directs the Joint State Government Commission to establish an advisory committee to conduct a thorough and comprehensive analysis of the potential impact of removing certain counties from the emissions testing program and report its findings and recommendations to the Senate. [Adopted by Voice Vote.](#)

[Senate Resolution 230](#) (Dinniman) designates November 16, 2017 as “Parent Involvement Day” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 231](#) (Dinniman) recognizes the month of November 2017 as “Carbon Monoxide Awareness Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[Senate Resolution 232](#) (Vulakovich) designates the month of November 2017 as “Pancreatic Cancer Awareness Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[House Bill 203](#) (Longietti) would amend Title 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes to increase from \$5,000 to \$10,000 the cap on the amount that may be paid directly to the spouse, any child, the father or mother, or any sibling of a deceased employee for wages, salaries, or benefits due to the deceased employee. The legislation would also further clarify how a grant of testamentary power of appointment should be construed. In the absence of a specific contrary intent appearing in the instrument, the grant of a testamentary power that denies the right to appoint to the donee's creditors would be construed as also denying the power to appoint to the creditors of the donee's estate.

[Passed: 50-0.](#)

### **Wednesday, October 25, 2017**

[Senate Bill 181](#) (Mensch) would create the Performance-Based Budgeting and Tax Credit Efficiency Act to establish a performance-based budget component to the annual budget development process and require a thorough review by the Independent Fiscal Office (IFO) of the tax credits offered by the Commonwealth. The legislation would:

- Require the Budget Secretary to initiate a program of performance-based budget reviews as part of the annual budget preparation and program evaluation processes beginning in Fiscal Year 2018-19;
- Require the Budget Secretary, in conjunction with the Director of the IFO, to establish a schedule of performance-based budget reviews for all agencies under the Governor's jurisdiction. The schedule would have to ensure that all agencies are subject to review at least once every five years;
- Establish the Performance-Based Budget Board as an independent board to review and approve performance-based budget plans and to make recommendations. The Board would include the Budget Secretary and the chairmen and minority chairmen of the House and Senate Appropriations Committees;
- Establish that the General Assembly could direct the conduct of a performance-based budget review or a tax credit review by adoption of a concurrent resolution;
- Require the Budget Secretary, when an agency is scheduled for review, to direct the agency to provide such information as the IFO may require to prepare a performance-based budget plan. The information would also be submitted to the Budget Secretary and the chairmen and minority chairmen of the House and Senate Appropriations Committees;
- Direct the IFO to develop performance-based budget plans and performance measures, such as outcome-based measures, efficiency measures, activity cost analysis, measures of status improvement of recipient populations, economic outcomes and performance benchmarks against similar state programs or similar programs of other states. The IFO would have to complete the reviews in a timely manner and submit the plans to the Performance-Based Budget Board for review and approval;

- Require the Budget Secretary, in conjunction with the Director of the IFO, to establish a schedule for review of tax credits. The schedule would have to ensure that all tax credits are subject to review at least once every five years. If a tax credit has an expiration date, the review would have to be undertaken no later than January 1 of the year preceding the termination date;
- Require the IFO to submit a report of a review to the Board and the chairmen and minority chairmen of the House and Senate Appropriations Committees. The report would also have to be posted on the IFO's website;
- Require plans to be considered at open meetings of the Board and provide for participation by the subject agency to respond to any questions regarding the proposed plan and performance measures; and
- Require the Governor and the General Assembly to consider approved plans during budget development and implementation. **Concurrence in House Amendments: 50-0.**

**Senate Bill 625** (Brooks) would require the Department of General Services to display the POW/MIA flag at all roadside rest areas and welcome centers. When the roadside rest or welcome center has an existing flag pole, the POW/MIA flag could be flown from the flag pole. When the POW/MIA is to be displayed with a flag flown at half mast, the POW/MIA flag could be removed. **Passed: 50-0.**

**Senate Bill 651** (Browne) would create the Capital Budget Act of 2017-2018. The bill would authorize the maximum indebtedness that the Commonwealth could incur during the fiscal year for capital projects specifically itemized in a capital budget project itemization act. The legislation would authorize: \$7,253,170,001 for public improvement projects; \$220,800,000 for furniture and equipment; \$2,520,925,000 for transportation assistance projects; \$10,321,695,000 for redevelopment assistance projects; and \$408,861,000 for flood control projects. The measure would authorize an additional \$132,467,000 in projects to be funded from current revenues and \$1,588,585,000 to be financed by the incurring of debt or from current revenues. **Concurrence in House Amendments: 50-0.**

**Senate Bill 676** (Gordner) would amend the Workers Compensation Act to make a number of changes. Among other modifications, the legislation would:

- Authorize the Department of Labor and Industry to verify with another state that an employer domiciled in that state is either self-insured or insured in that state with respect to payment of a workers' compensation claim to an employee who has sustained an injury in Pennsylvania;
- Clarify that if an out-of-state employer is insured in the other state, it would not be deemed an uninsured employer for purposes of Article XVI (relating to the Uninsured Employers Guaranty Fund);



- Require an employee to submit evidence that the employee is not entitled to workers' compensation benefits in another state before compensation can be paid by the UEGF;
- Require the Department to submit a proposed budget, sufficient to cover the prefund account and other operating and administrative expenses of the Workmen's Compensation Administration Fund (WCAF), to the General Assembly for approval;
- Reduce the cap on the excess amount that may be maintained in the WCAF from 133 percent to 120 percent of the approved budget. If the amount in the WCAF exceeds 120 percent, the following fiscal year's assessment would have to be reduced by an amount equal to that excess amount;
- Add administrative penalties provided for under the act as a source of funds for the Uninsured Employers Guaranty Fund (UEGF);
- Require claim petitions against the UEGF to be filed 180 days after notice of the claim is made;
- Authorize the UEGF to establish lists of at least six designated health care providers that are accessible in each county in specialties relevant to the treatment of work injuries. If the lists are established, the UEGF would be responsible only to reimburse expenses for services rendered by the designated providers during a period of 90 days from the date of the employee's notification to the UEGF. If the employee receives medical services from a provider that is not designated on the list, the UEGF is not liable for payment during the 90-day period;
- Provide that the UEGF would not be liable for wage loss benefits unless the amount of wages that the employee earned at the time of injury is established by certain documents listed in the bill or through testimony. If testimony is the only evidence, the wage loss benefit would be limited to two-thirds of the average weekly wage of the claimants occupation;
- Clarify that the UEGF is entitled to restitution from an uninsured employer of all payments made;
- Increase the cap on the UEGF assessment from 0.1% to 0.25% of the total compensation paid by all insurers or self-insured employers during the previous calendar year;
- Require the Department to reduce the UEGF assessment if prior year assessments exceed 130 percent of prior year expenditures;
- Allow the Department to verify that an employer has the requisite workers' compensation insurance or that the employer no longer operates a business, no longer employs individuals entitled to compensation under the act, or is otherwise exempt from the requirements of obtaining insurance; and

- Authorize the Department to assess a fine of \$200 per day if a request for verification of coverage is not returned within 15 days. If failure continues for 45 days or if the Department has good cause to believe the employer is required but has failed to insure its liabilities, the Department could proceed to issue a stop-work order. **Passed: 50-0.**

**Senate Bill 822** (Schwank) would require that, when the United States flag is displayed on any ground or building owned or under the control of the Commonwealth, the POW/MIA flag also be displayed, where it can be reasonably accommodated. **Passed: 50-0.**

**Senate Bill 935** (Scarnati) would amend Title 30 (Fish) of the Pennsylvania Consolidated Statutes to prohibit an individual from serving as Executive Director of the Pennsylvania Fish and Boat Commission for more than eight years. **Passed: 34-16.**

**Senate Bill 936** (White) would amend the Workers' Compensation Act to provide for the implementation of an evidence-based prescription drug formulary for compensation claims and to ensure that utilization review organizations meet certain standards. The legislation would require the Department of Labor and Industry to select a nationally-recognized, evidence-based prescription drug formulary appropriate for resolving issues related to drugs prescribed for the treatment of work-related injuries. The Department would have to solicit public comments regarding the formulary within thirty days of the effective date of the bill and publish notice of the selected formulary within thirty days after the comment period. The Department would have to review updates to the formulary annually and solicit public comments. The drug formulary would have to be available to physicians and the general public on the Department's website. Within eighteen months of the effective date of the formulary, the Pennsylvania Compensation Rating Bureau would be required to calculate the savings achieved by the implementation of the formulary. The savings would be used to calculate a reduction in rates paid by employers.

The Department would also be required to enter into an agreement with a nationally-recognized certification and accreditation organization for the certification or accreditation of the utilization review organizations that operate in the Commonwealth. All such organizations operating in Pennsylvania would have to receive certification or accreditation from a nationally-recognized organization with standards appropriate for resolving utilization issues for workers' compensation programs. **Passed: 34-16.**

**Senate Resolution 227** (Aument) urges the Federal Energy Regulatory Commission to swiftly consider the United States Department of Energy's proposed Grid Resiliency Pricing Rule and implement policies to ensure fuel-secure baseload electricity generation resources receive proper compensation for the positive attributes they provide the nation's and Commonwealth's electric system. **Adopted: 42-8.**

**Senate Resolution 233** (Dinniman) designates the month of October 2017 as "Sudden Cardiac Arrest Awareness Month" in Pennsylvania. **Adopted by Voice Vote.**

**Senate Resolution 234** (Vulakovich) designates the month of October 2017 as "Dyslexia Awareness Month" in Pennsylvania. **Adopted by Voice Vote.**

[Senate Resolution 235](#) (Bartolotta) recognizes the month of November 2017 as “Native American Heritage Month” in Pennsylvania. [Adopted by Voice Vote.](#)

[House Bill 46](#) (Caltagirone) would amend the Tax Reform Code of 1971 to direct the Department of Revenue to provide a space on the individual income tax return form where an individual could voluntarily designate a contribution to be utilized for pediatric cancer research. The amount designated would be deducted from the individual’s tax refund. The money contributed would be transferred from the General Fund to the Pennsylvania Cancer Control, Prevention and Research Advisory Board within the Department of Health. The Secretary of Health would be required to designate hospitals within the Commonwealth which are eligible to receive the funds. The Department of Health would have to report the amount and utilization of the funds on an annual basis to the Senate and House Committees that have jurisdiction over health matters. The change would apply to taxable years after December 31, 2017.

[Passed: 50-0.](#)

[House Bill 178](#) (Day) would amend the Public School Code to provide for Fiscal Year 2017-18 education funding, as well as certain education issues. The bill would:

- Delay the Keystone Exam graduation requirement for one year until the 2019-2020 school year;
- Require the Department of Education to consult with the General Assembly, specifically the Education Committees, in the development and submission of the Every Student Succeeds Act State Plan;
- Require school directors and charter school trustees to participate in free training provided by the Department of Education;
- Provide for the appointment of a financial administrator in a school district that has been identified for financial watch status and outline the requirements of a financial administrator;
- Extend the PLANCON moratorium prohibiting the Department from approving new school building construction or reconstruction applications for FY 2017-18;
- Clarify the authority of the Secretary of Education to require reports from school district superintendents;
- Reduce the time period for a public meeting of the school board to consider the retention of a district superintendent or assistant superintendent from 150 to 90 days prior to the expiration of their current term of office;
- Allow professional employees to be furloughed for economic reasons in order of performance ratings based on annual performance evaluations;

- Clarify that the expedited process for members of the Armed Forces, veterans, and their spouses to obtain permanent teaching certifications, applies to provisional teaching certifications;
- Prohibit teacher preparation programs approved by the Department from requiring a passing score on teacher certification assessments as a condition of program completion or graduation;
- Prohibit schools from publicly identifying or stigmatizing students who cannot pay for a school meal or who owe money for school meals;
- Make technical changes to recognize the delay in implementation of the Drug and Alcohol Recovery High School Pilot Program from 2016-17 to 2017-18;
- Require each school entity (vocational-technical school, school district, intermediate unit, charter school or regional charter school) to conduct one school security drill per school year in each school building, in place of a monthly fire drill, within 90 days of the commencement of each school year;
- Require instruction related to the prevention of opioid abuse as part of the mandatory instruction required in chemical, alcohol and tobacco use beginning with the 2018-19 school year;
- Establish the Commission for Agricultural Education Excellence jointly within the Department of Agriculture and the Department of Education to assist in the development and implementation of a statewide plan for agricultural education;
- Allow two or more charter schools to consolidate into a multiple charter school organization;
- Provide for Community Colleges to receive the same allocation as in FY 2016-17 and eliminate obsolete reporting requirements;
- Permit a Rural Regional Community College to change its name or adopt a fictitious name;
- Increase the amount of the Educational Improvement Tax Credit by \$10 million to provide tax credits for contributions from business firms to scholarship organizations;
- Expand the Transfer and Articulation program to require community colleges and state-owned universities to award academic credit for prior learning (such as the AP exam, International Baccalaureate exam, College Level Examination Program exam and Dante's Standardized Tests) determined to meet uniform established standards, and to apply the credit toward graduation;

- Provide for each library to receive a pro rata share of funding based on its allocation in FY 2016-17;
- Include a new definition for “market value” for purposes of calculating the aid ratio and market value/income aid ratio;
- Make technical changes to the calculation of the basic education funding formula;
- Provide for intermediate units to be funded at an amount equal to 5.5 percent of the Special Education Funding appropriation, which is the same percentage as last fiscal year;
- Permit the Department to use up to \$5,000,000 in undistributed funds to assist school districts in financial distress or identified for financial watch status;
- Provide for the distribution of Ready-to-Learn Block Grants to each school entity in the same amount as in FY 2016-17;
- Change the requirement for the completion of a master plan for higher education from every five to every ten years; and
- Provide for the new truancy requirements implemented in 2016 to apply to nonpublic schools beginning in the 2018-19 school year. [Concurrence in House Amendments to Senate Amendments: 35-15.](#)

[House Bill 271](#) (Ortitay) would amend Title 3 (Agriculture) and Title 4 (Amusements) of the Pennsylvania Consolidated Statutes to make a number of changes related to horseracing and gaming. Among other provisions, the legislation would:

- Reduce the electronic wagering license fee from \$500,000 to \$50,000 and the license renewal fee from \$100,000 to \$10,000;
- Authorize the Pennsylvania Gaming Control Board (PGCB) to license and regulate online fantasy contest providers. License fees would be \$50,000. Licensees would pay a tax of 15 percent of monthly fantasy contest adjusted revenues to the Commonwealth for deposit in the General Fund. Players would have to be at least 18 years of age;
- Permit the Department of Revenue to sell lottery products over the Internet. iLottery games could not mimic casino-style games. Players would have to be 18 years of age. The Department of Revenue would be required to establish a retail sales incentive program and a retail sales advisory council;
- Provide for 10 satellite Category 4 casino locations to be auctioned by the PGCB. Only Category 1 and Category 2 licensees could participate in the initial auction process. Once a Category 1 or Category 2 licensee is a successful bidder, it could not bid in the remaining auctions. The minimum bid for a Category 4 location would be \$7.5 million.

If all the locations are not auctioned, the remaining locations would be available to previously successful bidders and Category 3 licensees. If any locations remain after these auctions, the PGCB could hold auctions open to any person that meets the board's requirements for casino ownership. A Category 4 facility could not be located within 25 miles of a Category 1, 2, or 3 casino location or in Pike, Wayne, Fayette or Montgomery counties. Municipalities would have until December 31, 2017 to opt out of consideration as a location for a Category 4 facility;

- Provide that Category 4 locations could have no less than 300 nor more than 750 slot machines, which would count toward the complement of slot machines permitted at the Category 1 or 2 casino. Up to 30 table games could be operated at a Category 4 casino upon payment of an additional \$2.5 million fee. After it has been operating for a year, a Category 4 casino could petition the board for 10 additional table games. If a Category 3 casino successfully bids for a Category 4 location, it would pay an additional fee equal to \$10,000 multiplied by the number of slot machines it intends to offer;
- Exempt Category 3 licensees from the amenity requirements upon notice to the Board and payment of a \$1 million fee and allow them to add 250 slot machines in exchange for payment of a \$2.5 million fee and 15 table games in exchange for payment of a \$1 million fee;
- Modify the existing local share provisions to establish a slot machine license operation fee to be paid by Category 1 and Category 2 licensees annually. The fee would be 20 percent (\$10 million) of the slot machine license fee paid at the time of issuance. Certain provisions governing the distribution of host municipality fees would also be modified;
- Authorize the PGCB to issue interactive gaming certificates for interactive gaming. License fees would range from \$1 million for an iGaming operator up to \$10 million for casinos licensed within 90 days of the effective date of the act to offer all three types of authorized games. A 14 percent tax would be levied on games that mimic table games and a 52 percent tax would be imposed on the games that mimic slots;
- Authorize casinos that hold an iGaming Certificate to place iGames on tablets at certain airports. License fees would range from \$125,000 to \$2.5 million depending on where the airport is located. The iGaming tax would be imposed on the revenue generated at airports;
- Allow up to five video gaming terminals at qualifying truck stops. Counties hosting a Category 1, 2 or 3 facility would have up to 60 days to opt out and no VGT's could be placed in that county;
- Provide for sports wagering if there is a federal court decision or a change in federal law permitting states to legalize and regulate sports wagering; and

- Authorize a Category 2, 3 or 4 casino to enter into agreements with racetracks to simulcast horseracing within their facilities. [Concurrence in House Amendments to Senate Amendments, as Amended: 31-19.](#)

[House Bill 542](#) (Thomas) would amend the Tax Reform Code of 1971 to provide for FY 2017-18 budget implementation language. The bill would:

- Exempt separately invoiced support services for digital downloads from the Sales and Use Tax;
- Clarify that kegs used for malt and brewed beverages are excluded from the Sales and Use Tax;
- Require remote sellers, marketplace facilitators and referrers as defined in the legislation with aggregate sales of \$10,000 or more in the previous calendar year to file an election with the Department of Revenue to collect and remit the Sales and Use Tax or to comply with the notice and reporting requirements delineated in the bill. The election would have to be made on or before March 1, 2018;
- Require the Independent Fiscal Office and the Department of Revenue to conduct a study addressing the legal and fiscal implications of mandating notice requirements for remote (out-of-state) sellers. The study would only be conducted if federal legislation addressing the issue of requiring remote sellers to collect sales tax is not enacted by December 31, 2018. The report would have to be presented to the General Assembly by April 1, 2019;
- Allow contributions to an account under the Pennsylvania ABLE Savings Program to be tax deductible for the Personal Income Tax. Undistributed earnings and certain distributions would also be tax exempt;
- Eliminate the sunset date for certain personal income tax check-off programs as listed in the legislation;
- Require entities making rent and royalty payments on Pennsylvania property to nonresidents in excess of \$5,000 to withhold Personal Income Tax on those payments;
- Alter the cap on the net operating loss deductions;
- Establish a Manufacturing Innovation and Reinvestment Deduction Program to allow manufacturers making qualified capital investments in excess of \$100 million to claim a deduction against taxable income under the Corporate Net Income Tax;
- Provide a definition of “veterans’ service organization” for purposes of the Realty Transfer Tax;
- Incorporate the Fireworks Law with updated provisions into the Tax Reform Code. The law would be modernized with expanded legalization of consumer fireworks. A new tax

at the rate of 12 percent of the sales price (including state and local sales taxes) would be imposed on the sale of consumer fireworks. One-sixth of the taxes collected, not to exceed \$2 million, would be transferred annually to the General Fund. Of this amount, 75 percent would be used for the Emergency Medical Services Grant Program and 25 percent for volunteer firefighter training;

- Provide that before a tax credit can be awarded, the Department of Revenue could make a finding that the taxpayer has filed all required state tax reports and returns and paid all tax due;
- Recodify the Entertainment Economic Enhancement Program within the existing Entertainment Production Tax Credit and provide for the creation of not more than two film production tax credit districts as outlined in the legislation;
- Clarify that excess money transferred to a City Revitalization and Improvement Zone fund for utilization in a pilot zone would not have to be returned to the state by the contracting authority;
- Add a provision allowing for inactive property to be transferred out of a Neighborhood Improvement Zone and replaced with a parcel of equal or lesser acreage;
- Extend the application date for additional Keystone Opportunity Zones currently authorized in law from October 1, 2016 to October 1, 2018;
- Provide that any inheritance tax return filed between July 1, 2012, and January 1, 2017, under Section 2136 that reports transfers of property that are exempt from the inheritance tax under Section 2111 would be considered timely filed if filed within one year of the tax return due date;
- Establish a new carsharing fee for the Public Transportation Assistance Fund ranging from \$0.25 for less than two hours up to \$2.00 for four hours or more;
- Reduce the time period a taxpayer has to file a petition for reassessment, review or adjustment with the Board of Appeals from 90 days to 60 days; and
- Authorize the Commonwealth Financing Authority to enter into a sales agreement or issue bonds utilizing a portion of the annual payments under the Master Settlement Agreement. The sales agreement or bond issuance would have to be in the best interest of the Commonwealth, provide the greatest value to taxpayers and raise net proceeds of 1.5 billion for deposit in the General Fund. [Concurrence in House Amendments to Senate Amendments: 29-21.](#)

[House Bill 785](#) (Saylor) would amend the Capital Facilities Debt Enabling Act to reduce the maximum amount of redevelopment assistance capital project obligations that could be outstanding by \$100 million. Beginning July 1, 2018, and each July 1 thereafter, the limitation of \$3,350,000,000 would be reduced by \$50,000,000 per year until the cap is \$3,150,000,000.



The measure would also create the Capital Budget Act of 2017-2018. These provisions would authorize the maximum indebtedness that the Commonwealth could incur during the fiscal year for capital projects specifically itemized in a capital budget project itemization act. The legislation would authorize: \$680,000,000 for buildings and structures; \$10,000,000 for furniture and equipment; \$350,000,000 for transportation assistance projects; \$175,000,000 for redevelopment assistance projects; and \$10,000,000 for flood control projects. [Concurrence in House Amendments to Senate Amendments: 50-0.](#)

[House Bill 1388](#) (Irvin) would amend the Insurance Company Law of 1921 to extend the expiration date of the Children's Health Insurance Program until December 31, 2019. If federal law authorizes funding for the program for a period that extends beyond December 31, 2019, the program would expire 90 days after the date on which federal funding for the programs ceases to be available. The benefit package for eligible children could not include reimbursement for gender or sex reassignment surgery. [Passed: 37-13.](#)

[House Bill 1490](#) (Turzai) would amend Title 66 (Public Utilities) of the Pennsylvania Consolidated Statutes to add Chapter 32 (Water and Sewer Authorities in Cities of the Second Class) to subject an authority established by a city of the second class that provides water, wastewater or storm water services to customers (the Pittsburgh Water and Sewer Authority), to Public Utility Commission (PUC) regulatory oversight effective April 1, 2018. The authority would not become a "public utility" as defined by statute but would be subject to the same service requirements as a public utility. Among other provisions, the legislation would require the Pittsburgh Water and Sewer Authority (PWSA) to:

- Provide service that complies with the applicable provisions of Title 66 and PUC regulations and orders;
- File an initial tariff with the PUC within 90 days of the effective date. Operations would continue under the prior tariff until the new tariff is approved by the PUC; and
- File a compliance plan with the PUC within 180 days of the effective date setting forth a plan for conversion of the existing billing, collection, and operating systems that comply with statutory and regulatory requirements. The compliance plan would have to include a long-term infrastructure improvement plan.

The PUC would be authorized to require maintenance, repair, and replacement of equipment and facilities by the PWSA to satisfy the requirement that service is safe, reasonable, and reliable. The PWSA could petition the PUC for approval to impose a distribution system improvement charge (DSIC) which would have to comply with all statutory and regulatory DSIC-related requirements. The Offices of Consumer Advocate (OCA) and Small Business Advocate (SBA) could represent the interests of consumers and intervene in proceedings involving the PWSA before the PUC. The PUC could recover its costs related to regulating the authority through annual assessments as set forth in Title 66 §510.

Nothing in the chapter could be construed to rescind or limit the power of a city of the second class to establish an authority or to determine the powers and functions of an authority, or

to limit or prevent a city official of a city of the second class from auditing an authority. The PUC would have to permit an authority to impose, charge or collect rates or charges necessary for the authority to comply with its covenants with the holders of any bonds or financial obligations. Further, the PUC would be prohibited from requiring an authority to take action or omit taking action if the act or omission would have the effect of causing the interest on tax-exempt bonds or other financial obligations issued by the authority to be includable in the gross income of the holders for federal income tax purposes. Proprietary information, trade secrets and competitively sensitive information of an authority would be exempt from the Right-to-Know Law.

The legislation would also amend Section 1301 of Title 66 (Public Utilities) to provide that in determining a just and reasonable rate furnished or rendered by a municipal corporation or by the operating agencies of a municipal corporation providing public utility water or wastewater service beyond its corporate limits, the PUC would have to employ an imputed capital structure of comparable public utilities providing water or wastewater service. **Passed: 49-0.**

(2017-160)