

MCA
Summary of Legislation
February 2016

Wolf Presents 2016-17 Budget Proposal

Gov. Tom Wolf went before a joint session of the General Assembly on February 9 to unveil his Fiscal Year 2016-17 budget proposal, spending most of the time pointing out the still on-going 2015-16 budget impasse. As expected, it closely resembled the prior proposal, with some tweaks to acknowledge some of the agreements reached with legislators, and recalculated expectations of some of last year's revenue projections. Wolf stated he continues to hope that the so-called "framework" that he had apparently worked out with House and Senate leaders, only to have it rejected by rank and file before the General Assembly passed a budget that the Governor line-item vetoed substantial parts of, in hopes of bringing them back to the table, will be considered again soon, and provide a platform for a new budget discussion that would hopefully be more successful, in this election year.

In a briefing to reporters prior to the address, Budget Secretary Randy Albright said the administration still hopes that the bipartisan plan is adopted and has predicated its plan on that point, but noted the 2016-17 proposal focuses on addressing the state's growing deficit and other fiscal challenges, relegating some 2015-16 priorities like school funding reform. Outlining the governor's proposal, Sec. Albright said the \$32.7 billion total spending figure is driven by \$1.6 billion in mandated spending increases, including \$100 million in debt obligations, \$178 million for corrections spending, \$800 million for human services and \$500 million in rising pension costs. To the human services increases, Sec. Albright explained the \$800 million total includes a required increase in state spending as a resulting of larger federal reimbursements for Medicare and Medicaid, as well as \$290 million in costs associated with "one-time gimmicks" previously used to balance the budget. With respect the pension increase, Sen. Albright advised 2016-17 is the last year of "significant, stepped-up" yearly increases, after which they will be more like "annual inflationary" increases.

Discussing the General Fund financial statement used by the administration in crafting its proposal, Sec. Albright noted the revenue projection for 2016-17 is several hundred million dollars over the estimate provided by the Independent Fiscal Office; a figure he said will require ongoing monitoring.

Discussing the revenues needed to pay for the spending increase, Sec. Albright outlined a "sustainable revenue package" proposed by Gov. Wolf, which includes:

- Personal Income Tax increase from 3.07 to 3.4 percent;
- Expansion of the Sales Tax base to include movie theater tickets, digital downloads, basic cable, and an elimination of the vendor sales tax discount;
- Bank Shares Tax increase from 0.89 percent to 0.99 percent;
- Insurance premiums tax surcharge for P+C and Fire of 0.5 percent;
- Cigarette tax increase \$1.60 to \$2.60 per pack;
- Tax on other tobacco products of 40 percent
- Severance tax of 6.5 percent, with Impact Fee credit;
- Tax on promotional play at casinos of eight percent

Other elements of the proposal include:

In Education:

- Increases basic education funding by \$200 million, special education by \$50 million, and Pre-K/Headstart by \$60 million;
- Accountability initiatives including the Office of School Improvement and School Performance Profiles;
- Implement 2014 Special Education Funding Commission charter reforms;
- End pension "double dip";
- Implement charter school reimbursements to school districts based on audited costs
- \$15 Million increase in funding for career and technical education;
- Two-year five percent increases for higher education

Job Creation

\$45 million for PA First;

\$15 million for Keystone Communities;

\$30 million for the Infrastructure and Facilities Improvement Program;

\$798,000 for preparations in advance of Base Realignment and Closure;

Increase minimum wage to \$10.15 an hour.

Complete information regarding the budget request can be found on the Governor's website:

<http://www.budget.pa.gov/PublicationsAndReports/CommonwealthBudget/Pages/default.aspx#.VtDLRvkrLcv>

House Professional Licensure Committee Holds Hearing on Plumbers Licensure Bill

The committee held a public hearing on February 11, on legislation providing for state licensure of plumbing contractors, master plumbers, journeyman plumbers, and apprentice plumbers. [HB 1357](#), sponsored by Rep. Jim Christiana (R-Beaver), creates a state plumbers licensing program; establishes minimum standards that individuals must meet in order to obtain a state license and a Plumbing Contractors Licensure Board to issue licenses, develop regulations, and administer the provisions of the Act. The bill also provides for other guidelines including reciprocity with other states, renewals, violations and penalties

The hearing started in a panel format, with the first panel being plumbers themselves. **Walter Krzyzanowski**, president, Plumbers Local #690, said he's been involved in all areas of the plumbing industry. He spoke about the impact that installation and repair has on people and their lives. He noted the situation in Flint, Michigan, and many areas of the country. He commented on the protection the legislation would have on consumers and residents. He noted what the legislation would not change and specifically mentioned the jobs and permitting industries regarding jurisdiction and work assignments in the state. He said, "Pennsylvania is one of only six states in the country that currently does not have a statewide license for plumbers. This puts Pennsylvania plumbing contractors at a disadvantage on several levels because Pennsylvania has no uniform or consistent manner of licensing plumbers or plumbing contractors." He added that a drawback exists in the plumbing industry because, "It is extremely difficult...for Pennsylvania contractors to perform any work in the states that border Pennsylvania who all but one have statewide licensure." In closing, Krzyzanowski discussed the economic factions of the bill, specifically the revenue for the state produced by licensing fees gained from entry into the plumbing industry.

Michael McGraw, executive director, Plumbing-Heating-Cooling Contractors Association, spoke about safety his industry provides to Pennsylvanians. He stated, "Safe drinking water and disposal of sanitary waste cannot be provided by the average person." He pointed out that other industries in the Commonwealth require a degree and licensure and went through the specificities of the plumbing industry. He commented that the operation and installment of plumbing services requires proper training and education. He said, "This legislation...would generate an estimated \$2 million every year in additional revenue to the Commonwealth." He mentioned special interest groups who went through efforts to amend language in the laws of this industry. He said, "We do not agree with all labor policies...but when there is something that we both agree on which will benefit all our contractors and more importantly...the Commonwealth, we come together."

John Kane, secretary-treasurer, Plumbers Local #690, spoke of the unity the licensing bill would cause in the industry. He went on about what industries do not have licensing. In closing, Kane discussed the impact of inaction to the industry regarding impacting health and specifically causing disease outbreak in Pennsylvania.

Martin O'Toole, business manager, Plumbers Local #27, spoke about the workers interests in the industry and the impact the profession has on the health of residents in the Commonwealth and surrounding states. He spoke about the economic results and said that the industry needs to be "fixed so we can be competitive and keep costs down for the consumer and end user in Pennsylvania."

Rep. Jaret Gibbons (D-Lawrence) commented that it looks like the locals of the Laborers' union support the legislation but the International has concerns. He asked the panelists to comment. Kane explained that going back a few years ago there seemed to be an issue with the local Laborers' and his group going over the bill. He said that he sat with a local representative to explain the bill. Kane added that why the International has a problem "is beyond

me." He told the committee his group has worked well with the local laborers' in the Philadelphia area on the bill. O'Toole echoed Kane's comments indicating the local laborers' in the Pittsburgh area saw no problem with the bill.

Rep. Jim Christiana, prime sponsor of the legislation, commented that he is against "meaningless licensure." He described his proposal as an attempt at a "real licensure program that puts real expectations in place". Rep. Christiana also praised the amount of compromise that has occurred among the different competing groups over the past ten years since the original licensure bill was introduced. He also argued that continued inaction on the bill "only protects the bad actors."

Legislative Activity

The General Assembly acted on the following bills of interest to the construction industry in the past month.

BIDDING / CONTRACTING

[SB 316](#) RE: Service Contracts Terms (by Sen. Mike Folmer, et al)

Amends Title 62 (Procurement), in general provisions, providing for public access to procurement records; and, in source selection and contract formation, further providing for sole source procurement and for emergency procurement. Records concerning a procurement shall be made public, consistent with the Right-to-Know Law. The bill stipulates that procurement documents shall be posted on the purchasing agency's website. For certain procurements over \$250,000, the determination shall be signed by the head of the purchasing agency. Two quotes shall be solicited for emergency procurement; no written contract may be required. Lays out guidelines for legal services contracts.

Reported as committed from House Appropriations Committee, 2/8/2016

BUDGET RELATED BILLS

NONE

ENVIRONMENTAL BUILDING STANDARDS

NONE

LOCAL/STATE GOVERNMENT/REGULATIONS

[HB 1661](#) RE: Storm Water Management Plans (by Rep. Mark Mustio, et al)

Amends the First Class Township Code adding an article providing for storm water management plans and facilities. The board of commissioners is authorized to plan, design, construct, assemble, install and alter facilities to manage surface water runoff.

Received in the Senate and referred to Senate Local Government Committee, 2/3/2016

Cosponsor Memo Filed

[HCO2825](#) (Delozier) - Creates a building code official "trainee" program.

Filed, 2/10/2016

LIABILITY

NONE

PROFESSIONAL LICENSURE

NONE

LOCAL/PROPERTY TAX REFORM

NONE

MANDATE WAIVERS

[HB 1119](#) RE: Mandate Waivers (by Rep. Kristin Phillips-Hill, et al)

Amends the Public School Code to allow public schools to apply for waivers of certain delineated statutory mandates, provided conditions are met. Provides for a five-year report and renewal cycle. Also allows fulfillment of certain legal notice requirements by publishing on a publicly accessible website.

Laid on the table, 2/8/2016

MECHANIC'S LIEN

NONE

SCHOOL CONSTRUCTION

NONE

TRANSPORTATION

NONE

WORKER'S COMP

NONE

Upcoming meetings of Interest

Some House Committee meetings and session can be viewed online at: <http://www.pahousegop.com/>

Senate Committee meetings and session can be streamed at: <http://www.pasenategop.com/>

TUESDAY - 3/1/16

House Appropriations Committee

3:00 p.m., Room 140 Main Capitol

Budget Hearing - Department of Transportation

THURSDAY - 3/17/16

House Labor and Industry Committee

9:00 a.m., Room G-50, Irvis Office Building

Public hearing on: [HB 1800](#) (Mackenzie) - Amends the Workers' Compensation Act, in interpretation & definitions, further providing for definitions; in liability & compensation, for schedule of compensation; &, in procedure, for investigations & peer review.

2016 House and Senate 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

Copies of all bills of interest can be accessed via the Internet at:

<http://www.legis.state.pa.us/cfdocs/legis/home/session.cfm>