

# WEEKLY SESSION NOTES

SENATE REPUBLICAN POLICY COMMITTEE – DAVID G. ARGALL, CHAIRMAN

Wednesday, July 26, 2017

[Senate Bill 667](#) (Stefano) would amend the Urban Redevelopment Law to allow a redevelopment authority to accept:

- The transfer of real property of the county held by the tax claim bureau in a repository for unsold property under section 626 of the Real Estate Tax Sale Law;
- The transfer of real property of a municipality purchased by the municipality under section 29 of the Municipal Claim and Tax Lien Law;
- The transfer of real property held by a city of the second class as agent for taxing bodies having claims against the property under section 401 of the Second Class City Treasurer’s Sale and Collection Act;
- Donations of real property and to extinguish delinquent claims for taxes as to the real property as specified under section 5.1 of the Municipal Claim and Tax Lien Law and section 303 of the Real Estate Tax Sale Law. Under this provision, an authority would have the same rights as a municipality under section 5.1 of the Municipal Claim and Tax Lien Law and as a local taxing district under section 303 of the Real Estate Tax Sale Law; and
- Accept the remittance or dedication of a portion of real property taxes collected in accordance with Pennsylvania law on real property conveyed by an authority if the remittance or dedication is authorized by the taxing jurisdiction. An authority would have to allocate tax revenues collected under this subsection beginning in the first taxable year after the date of conveyance and for five taxable years thereafter. The tax revenue could not exceed a maximum of 50 percent of the aggregate property tax revenues generated by the real property. The remittance or dedication of real property taxes would include the real property taxes of a school district if the school district enters into an agreement with the authority for the remittance or dedication. **Passed: 46-3.**

[Senate Resolution 170](#) (Scarnati) designates the month of September 2017 as “Ovarian Cancer Awareness Month” in Pennsylvania. **Adopted by Voice Vote.**

[Senate Resolution 171](#) (Yudichak) designates the week of September 18 through 22, 2017 as “SepticSmart Week” in Pennsylvania to increase awareness of the importance of proper maintenance and service on-lot septic systems. **Adopted by Voice Vote.**

[Senate Resolution 172](#) (Stefano) designates the week of July 22 through 29, 2017 as “Nine for Nine Fifteenth Anniversary Remembrance Week” in Pennsylvania to commemorate the 15<sup>th</sup> anniversary of the heroic and unyielding efforts of those persons involved in the rescue of

the nine coal miners trapped in the Quecreek coal mine, Somerset County, from July 24 through 28, 2002. [Adopted by Voice Vote.](#)

**Thursday, July 27, 2017**

[House Bill 59](#) (Moul) would amend the Human Services Code to make a number of changes. Among other modifications, the measure would:

- Establish a three-year limit on Act 534 benefits for injuries sustained by Department of Human Services and county assistance office employees by the act of a patient or resident. Following the three-year period, individuals who are still unable to return to work could apply for workers' compensation benefits;
- Require the Department to evaluate the efficacy and cost effectiveness of software programs designed to identify and prevent fraudulent, incorrect and duplicative payments within Medical Assistance, Temporary Assistance for Needy Families, and the Supplemental Nutrition Assistance Program. The Department would have to issue a request for information from prospective vendors and, no later than December 31, 2017, select three vendors to participate in the evaluation. The Department would not be required to conduct the evaluation if the responses to the request for information do not demonstrate that the savings from the use of the software program exceed the cost of implementing and maintaining the software program. The Department would be required to issue a report relating to the efficiency evaluation and related recommendations for improvement to the General Assembly by March 15, 2018;
- Direct the Department to issue a Request for Proposal and enter into a contract for a Total Population Coordinated Care Management Pilot Program in one Medicaid managed care region of the Commonwealth to incorporate evidence based medicine into physical and behavioral health decisions for Medicaid recipients. The Department would be prohibited from paying administrative or service fees to the vendor, but could pay a contingency fee based on cost savings realized by the participating regional Medicaid managed care organization as evidenced by a reduction in the capitation rate. The Department would be required to issue a report to the General Assembly detailing the outcomes of the pilot program;
- Require the Department to request a waiver from the federal government under the Social Security Act regarding Medical Assistance for individuals receiving treatment for substance abuse disorders at institutions for mental disease;
- Direct the Department to request a waiver from or submit a State Plan amendment to the appropriate federal agency that is designed to reduce the Commonwealth's financial burden for Medical Assistance programs before requesting supplemental appropriations for Medical Assistance capitation and fee-for-service General Fund appropriations for Fiscal Year 2017-2018;

- Require the Department to request a waiver from the Centers for Medicare and Medicaid Services for approval of design options or reforms that require reasonable employment or job search requirements for nondisabled, nonpregnant, nonelderly Medicaid eligible adults, as well as appropriate limits on nonessential benefits;
- Provide for the implementation of an electronic asset verification process to determine the eligibility of Medicaid applicants and recipients and require financial institutions to comply with requests for information. (Under Section 1940 of the Social Security Act, all states are required to implement a secure electronic system for verifying the assets of “aged, blind or disabled” applicants for, and recipients of, Medicaid by December 2017);
- Allow a child, or a person acting on behalf of the child, to appeal to the Department of Human Services the amount of an adoption subsidy provided to the child under the Adoption Opportunities Act;
- Provide for a three-year continuation of the process which requires providers to submit documentation to the Department of their costs of providing out-of-home placement services; and
- Require ambulatory surgical centers to submit annual financial data reports to the Health Care Cost Containment Council, as specified by the council. [Concurrence in House Amendments, as Amended: 35-15.](#)

[House Bill 118](#) (Kaufer) would amend the Administrative Code of 1929 to make numerous changes, including provisions for the implementation of the General Appropriation Act of 2017. Among other changes, the legislation would:

- Require any Department of Revenue employee that has access to federal tax information to be subject to a criminal history record check;
- Allow the Attorney General to provide a designee to the Pennsylvania Commission on Crime and Delinquency Board and permit legislative members to designate legislative staff to be their alternate to the Board;
- Provide for an increase in death certificate fees from \$9 to \$20 and outline the recipients of the additional revenue;
- Increase the fees for various programs operated within the Department of Labor and Industry, provide for inflationary adjustment of the fees in future years, and earmark additional amounts collected above the amount collected in the 2016-17 Fiscal Year to augment the appropriation made to the Department for the Bureau of Occupational and Industrial Safety;
- Permit the State Police to increase criminal history record check fees by publishing a notice in the Pennsylvania Bulletin;

- Allow the Attorney General to retain up to 25 percent of collection amounts up to a maximum of \$2.5 million annually and establish a new permanent fee of \$2.50 to be applied to conviction or guilty pleas;
- Prohibit the Department of Corrections from closing a state correctional institution during the 2017-18 Fiscal Year unless it conducts a public hearing in the county in which the facility is located;
- Establish the Higher Education Regulatory Restricted Account within the General Fund and provide for the Department of Education to collect fees for services provided to degree-granting institutions;
- Transfer \$200 million from the Joint Underwriting Association to the State Treasurer no later than November 1, 2017;
- Clarify provisions related to water quality criteria for manganese;
- Remove the January 1, 2020 sunset date for the \$2 per ton fee on all waste disposed of in landfills or processed by resource recovery facilities and provide that the money in the Recycling Fund would remain there and not be transferred to the Solid Waste Abatement Fund;
- Allow water treatment facilities providing water disposal services exclusively relating to conventional oil and gas wells and operating under National Pollutant Discharge and Elimination System and other permits to continue operating under existing permits until through December 31, 2019;
- Require the Department of Conservation and Natural Resources to conduct a feasibility study for the establishment of a state park in Wyoming County;
- Establish the Emergency Drug and Alcohol Detoxification Program in the Department of Health and require the Department to provide priority review of applications for licensure;
- Lower the professional dispensing fee for the PACE and PACENET programs from \$13 to \$10.49;
- Provide that a facility that provides services only to individuals enrolled in a program of all-inclusive care for the elderly operated in accordance with an agreement between the program provider, the Department of Human Services and the Centers for Medicare and Medicaid Services would not be subject to the provisions of the Older Adult Daily Living Centers Licensing Act;
- Provide for an increase from \$8 to \$13 for child protective certification fees and extend the fee exemption for certain volunteers;

- Allow Erie County to use an alternative contracting procedure for the adaptive reuse of former jail facilities or construction of new jail facilities;
- Clarify certain provisions related to the photovoltaic share requirements under the Alternative Energy Portfolio Standards Act;
- Renew the senior judge grant program retroactive to June 30, 2017; and
- Extend the expiration date of the \$11.25 judicial surcharge under the Judicial Code to December 31, 2020. **Passed: 37-13.**

**House Bill 178** (Day) would amend the 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 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;
- 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;
- 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. **Passed: 34-16.**

**House Bill 453** (Ryan) would amend the Fiscal Code to provide implementation language for the General Appropriation Act of 2017. The legislation would:

- 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 at \$5 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;
- 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 October 31, 2017;
- Require \$750,000 of the general government operations appropriation of the Department of Human Services to be used to establish a Statewide 2-1-1 System Grant Program for health and human service information and referral; and
- Provide detailed budget implementation language and direction for state departments and agencies. **Passed: 40-10.**

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

- Require a “marketplace provider” to collect the Sales and Use Tax on each separate sale facilitated for a “marketplace seller”;
- Clarify that kegs used for malt and brewed beverages are excluded from the Sales and Use Tax;
- 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;
- Codify the Pennsylvania ABLE Savings Program Tax Exemption Act within the Tax Reform Code;
- Eliminate the sunset date for certain personal income tax check-off programs as listed in the legislation;

- 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;
- Impose the Gross Receipts Tax on the retail sale of natural gas at the rate of 57 mills, with certain exemptions;
- Increase the rate of the Gross Receipts Tax on telecommunications and transportation companies from 50 mills to 60 mills;
- Increase the rate of the Gross Receipts Tax on electric companies from 59 mills to 65 mills;
- Earmark \$20 million annually from the Gross Receipts Tax on natural gas to a newly-created Natural Gas Optimization Program to provide competitive grants to natural gas distribution companies to expand access to natural gas, to accelerate the placement of infrastructure, and to make the use of gas more efficient and affordable to consumers;
- Impose a new five percent tax on the gross transaction amount of electric grid virtual financial transactions in the electricity markets;
- Provide for an incremental car-sharing service vehicle rental fee based on the amount of time the vehicle is used;
- 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 Emergency Medical Services Grant Program;
- Impose a new Volume Differential Tax on each producer of natural gas that is subject to the existing unconventional gas well local impact fee. The rate of the tax would range from 1.5 cents to 3.5 cents per thousand cubic feet (Mcf) of natural gas. The applicable fee for FY 2017-18 would be 2 cents per Mcf. Revenue from the tax would first be transferred to the Unconventional Gas Well Fund in amount to ensure that the money in the Fund (impact fee revenue plus tax revenue) is at least \$200 million for distribution as stipulated in Act 13. The remaining revenue would be placed in the General Fund. The Independent Fiscal Office would be tasked with posting an average effective tax rate on drillers (impact fee and volume differential tax) on its website quarterly;
- Require the Department of Environmental Protection to review unconventional natural gas well permits, earth disturbance permits and any general air quality permit within the statutory or regulatory timeframe. If the Department fails to meet the deadline, and the

permit has not been denied, the permit would be deemed approved. If a review period has been extended for cause, the Department would be required to refund the permit fee to the applicant. Nothing in the section would relieve the applicant from complying with applicable laws;

- Create the Air Quality Permit Advisory Committee composed of one member appointed by the Governor, one member by the President Pro Tempore of the Senate, one member by the Speaker of the House and one member each by the Majority and Minority Leader of the Senate and House. The Advisory Committee would review new general permits and vote to approve or disapprove them. If the Committee votes to disapprove a permit, the Department of Environmental Protection would be required to make modifications and resubmit a new version with 14 days;
- Add an article to require the Department of Environmental Protection to review the current backlog for all permits under its oversight and to implement a permit program. The Department would have to contract with third-party licensed professionals for the purpose of the administering the program. A permit applicant could select a third-party licensed professional to the review their permit application. The Department would be required to report to the General Assembly annually on the program comparing the number of permits reviewed by the Department and third-party licensed professional and the time frame for permit decisions. Nothing in the article could be construed to limit or otherwise alter the Department's authority to revoke a permit for failure to comply with the laws of the Commonwealth;
- 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;
- Make administrative changes to the process of appointing members to the board of the contracting authority of a Neighborhood Improvement Zone and add a provision allowing for inactive property to be transferred out of a 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; and
- Authorize the Commonwealth Financing Authority to issue bonds in the amount of \$1.3 billion with the net proceeds of the bond issuance being deposited in the General Fund and available for appropriation. A portion of the annual payments received under the Master Settlement Agreement would be used to pay the debt service. **Passed: 26-24.**