

**MCA**  
**Summary of Legislation**  
**February 2015**

### **Wolf Delivers Bold Budget Address**

On Tuesday March 3<sup>rd</sup>, Governor Tom Wolf released his \$30 billion state budget proposal which is balanced using \$4.2 billion in new revenue sources including an increase in the Personal Income, Sales Taxes as well as a severance tax on natural gas. For the gas industry, the Governor proposes the same tax rate as West Virginia: 5 percent on the value of the gas extracted plus 4.7 cents per thousand cubic feet of gas extracted.

“We all know the challenges Pennsylvania faces. We are staring at a \$2.3 billion budget deficit, we are near the bottom of the country in job growth, our state’s credit ratings have been in decline, and our schools are struggling. These are bipartisan challenges and they require bipartisan solutions. My budget incorporates many Republican and Democratic ideas to move Pennsylvania forward,” state Governor Wolf.

The proposal includes attempts to make the Commonwealth’s corporate tax climate competitive by continuing the elimination of the capital stock and franchise tax (CFST), and reducing corporate net income tax to 5.99 percent beginning January 2016 and will be further reduced to 4.99 percent beginning January 2018 if combined reporting is implemented and revenue benefits realized.

His budget proposal will also invest dollars in natural gas jobs by backing some of the revenues to issue a \$675 million bond to recapitalize DCED loan programs, a technology investment, and a new energy portfolio. The energy portfolio provides \$225 million for an Energy Investment initiative, including clean energy investments and a “last mile” pipeline program to make natural gas directly available to the manufacturing industry

In fact, in his post budget address comments, Rep. Bill Adolph (R-Delaware), chairman of the House Appropriations Committee, explained when he first saw the governor’s budget proposal, all he could think was “wow, an incredible amount of taxes.” Rep. Adolph stated the governor’s plan **to increase the personal income tax from 3.07 percent to 3.7 percent** means a 16 percent tax increase on the middle class. He said the ten percent **increase in sales tax to 6.6 percent** and the expanded taxable products may entice people to shop in the state of Delaware, instead of the southeast region of the state. Proceeds from these tax increases would be targeted at education and property tax relief, primarily.

Details of the Budget proposal can be found here:

[http://www.portal.state.pa.us/portal/server.pt/community/current\\_and\\_proposed\\_commonwealth\\_budgets/4566](http://www.portal.state.pa.us/portal/server.pt/community/current_and_proposed_commonwealth_budgets/4566)

From here the House and Senate will break for several weeks, while the respective Appropriations Committees hold public hearings with the various departments, agencies and the state universities, before beginning the legislative debate on the budget. It is expected that Republicans in both Chambers, who hold significant majorities, will introduce their own budget bills, which more closely resemble the current spending patterns, with proposals to fill the more than \$2 Billion deficit that all recognize, including the liquor privatization legislation the House passed this past month, but won’t be passed in the same form by the Senate. The new fiscal year begins on July 1, but already there is widespread skepticism that the budget will be passed by that date.

### **Wolf’s Expansion of Sales Tax Draws Keen Interest**

Governor Tom Wolf issued his first budget on March 3<sup>rd</sup> and it was anything but routine. Facing the daunting task of filling a budgetary hole of more than \$2 billion, Wolf has proposed increases for the personal income tax and sales tax as well as a severance tax on Marcellus shale extraction. Additionally, some current sales tax exemptions are also targeted to be eliminated. There had been rumors about expanding the sales tax to professional services (including design and construction) in the days leading up to the official unveiling of the Governor’s budget. Many veteran lobbyists anticipated the battle to shape up like the one waged in 1991 when business to business services

were targeted for the sales tax. So it was a bit of a surprise when Governor Wolf took the opposite approach. Wolf's budget specifically left business to business professional services exempt from the list of new services subject to the tax. But those same services could be taxed if provided to an individual. This approach avoids some of the practical problems associated with taxing services not to mention the bitter legislative fight that would have ensued against the dozens of professional service lobbies. There aren't many details at the moment. The revenue side of the budget is a very short narrative and the Department of Revenue is working up a more explanatory description to further elucidate the Governor's plan.

Also, keep in mind that this is the first step in the Commonwealth budget process. What is off the table now often finds a way of finding its way back into discussions later in the process. The sales tax expansion is just one facet of what promises to be a spirited debate over how to raise revenue. Politics and lobbying from every sector will show up at some point during the coming months. The final tally of winners and losers won't be known until the budget is complete, whenever that might be.

## **Wheatley Promotes Legislation to Assist Minority, Women-Owned & Disadvantaged Businesses in State Procurement**

**Rep. Jake Wheatley (D-Allegheny)** was joined by Department of General Services (DGS) **Acting Secretary Curtis Topper, Sen. Vincent Hughes (D-Philadelphia)**, and small business owners this month to discuss his legislation to promote participation by minority, women-owned and small disadvantaged businesses in Commonwealth procurement. Rep. Wheatley said his bill, [HB 85](#), would level the playing field for small businesses to compete with larger businesses for state contracts. "Small businesses all across the state need our help in Harrisburg," he stated. "Without support that allows for them to compete fairly, in a balanced and transparent way in a marketplace, many of our small business owners and businesses themselves will not have an opportunity to grow and at the same time, damages our economic viability as a commonwealth."

Recognizing **Speaker of the House Mike Turzai (R-Allegheny)** for his efforts in getting legislation through the chamber in a prior session, Rep. Wheatley said he is hopeful that with the speaker's help, they can get the bill to the Senate with enough time to work in the Senate to make sure that the bill reaches the governor's desk. He also acknowledged the support of other members including Sen. Hughes and Rep. Thaddeus Kirkland (D-Delaware).

Acting Secretary Topper expressed the administration's commitment to minority and women-owned businesses. "DGS's role in assisting minority and women-owned businesses in Pennsylvania is clearly a big part of delivering jobs that pay and a government that works," he remarked. "Jobs that pay... that means that we are interested in helping our small businesses and our small minority and women-owned businesses succeed. We want them to capture financially significant and sustaining business opportunities as prime contractors.

Rep. Wheatley then highlighted that **HB 85 is similar to federal requirements**. He explained, "When you receive a dollar of federal money, then diversity and inclusion applies and the tracking and the monitoring applies, and the reporting and enforcement applies. We want the same thing to happen in our Commonwealth." He suggested those that support a level playing field and fairness, "should monitor, track and evaluate to make sure those who are following the rules are supported and grown, and those who are not, are no longer doing business with our Commonwealth."

## **Legislative Activity**

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

### **BIDDING / CONTRACTING**

[HB 210](#) RE: Public School Construction (by Rep. Seth Grove, et al)

Amends the Public School Code, in grounds and buildings, further providing for approval by Department of Education of plans of buildings and exceptions; providing for accountability and reducing costs in construction process; further providing

for limitation on new applications for Department of Education approval of school building projects; and, in reimbursements by Commonwealth and between school districts, further providing for definitions, for approved reimbursable rental for leases hereafter approved and approved reimbursable sinking fund charges on indebtedness, for payments on account of leases hereafter approved and on account of sinking fund charges on indebtedness for school buildings hereafter constructed and for payments on account of building costs; and providing for lump sum reimbursement for construction or reconstruction.

**Removed from the table, 2/23/2015**

**Amended on House floor, read second time, and rereferred to House Appropriations Committee, 2/24/2015**

[HB 382](#) RE: Water and Sewer Projects (by Rep. Eli Evankovich, et al)

Amends Title 62 (Procurement) adding a chapter titled "Local Agency Public-Private Partnerships for Water and Sewer Projects." The bill provides for public-private partnerships, for Federal, State and local assistance, for material default remedies; imposes duties on the Pennsylvania Utility Commission; provides for service contracts; provides for utility crossing; provides for use of intellectual property.

**Introduced and referred to House State Government Committee, 2/9/2015**

[HB 713](#) RE: Public Access to Procurement Information (By Rep. Margo Davidson, et al)

Amends Title 62 (Procurement) adding language amending the definitions of Commonwealth agency, contracting officer, executive agency, independent agency, purchasing agency, State-affiliated agency, and supplies and adds definitions of competitive procurement, contracting agency, judicial agency, legislative agency, lobbying, lobbying firm, and lobbyist. Adds a new section pertaining to public access to procurement information. Also amends the sections pertaining to procurement responsibility; competitive electronic bidding; competitive sealed proposals; emergency procurement; and competitive procurement on a multiple award basis.

**Introduced and referred to House State Government Committee, 3/4/2015**

[SB 316](#) RE: Public Access to Procurement Records (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(10), 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.

**Reported as committed from Senate State Government Committee, and read first time, 2/4/2015**

**Read second time, 2/17/2015**

**Read third time and passed Senate, 2/23/2015 (49-0)**

**Received in the House and referred to House State Government Committee, 2/26/2015**

[SB 418](#) RE: US Steel Use by Utilities (by Sen. Jim Brewster, et al)

Amends the Underground Utility Line Protection Law adding language requiring any construction, reconstruction, alteration, repair, improvement of maintenance of gathering lines which require the use of steel products to only use steel products produced in the United States.

**Introduced and referred to Senate Consumer Protection & Prof. Licensure Committee, 2/12/2015**

## **BUDGET RELATED BILLS**

[SB 432](#) RE: Inheritance Tax Phaseout (by Sen. Michele Brooks, et al)

Amends the Tax Reform Code phasing out the inheritance tax by July 1, 2026.

**Introduced and referred to Senate Finance Committee, 2/12/2015**

## **ENVIRONMENTAL BUILDING STANDARDS**

[SB 560](#) RE: Riparian Buffer Protection Act (by Sen. John Rafferty, et al)

Provides for protection of existing riparian buffers, for restoration of impaired riparian buffers, for exemptions, for municipal authority, for powers and duties of Department of Environmental Protection, for property inspections, for

delegation to a municipality, for municipal action appeals, for penalties, civil action and liability for costs and for effect on other Commonwealth laws or regulations and municipal ordinances.

**Introduced and referred to Senate Environmental Resources and Energy Committee, 2/25/2015**

## **LOCAL/STATE GOVERNMENT/REGULATIONS**

[HB 93](#) RE: Municipal Board of Appeals (by Rep. Kate Harper, et al)

Amends the Pennsylvania Construction Code amending the definition of "board of appeals" to be the body created by a municipality or more than one municipality to hear appeals from decisions of the code administrator as provided for by the department through regulation. The bill provides for the department to establish regulations instead of utilizing the BOCA National Building Code.

**Reported as committed from House Local Government Committee, read first time, and laid on the table, 2/4/2015**

**Removed from the table, 2/10/2015**

**Read second time and rereferred to House Appropriations Committee, 2/11/2015**

**Reported as committed from House Appropriations Committee, read third time, and passed House, 2/23/2015 (198-0)**

**Received in the Senate and referred to Senate Labor and Industry Committee, 2/27/2015**

[HB 445](#) RE: Underground Utility Line Protection Law (by Rep. Matt Baker, et al)

Amends the Underground Utility Line Protection Law removing the jurisdiction of the Department of Labor and Industry and transferring it to the Public Utility Commission; further providing for definitions; requiring submission of reports of alleged violations; requiring facility owners to maintain records of abandoned lines, to participate in the One Call System's Member Mapping Solutions, and to notify a facility owner that an excavator has identified an unmarked or incorrectly marked facility and of the owner's responsibilities; further providing for the One Call System, other parties, designers, excavators and project owners and for penalties; adding that an excavator, designer or operator who proposes to commence excavation or demolition work and requests information from the One Call System shall pay to the One Call System an annual fee; requiring designers to request line and facility information; requiring excavators to renotify the One Call System of an unmarked or incorrectly marked facility in certain instances and to make a locate request to the One Call System prior to excavation or demolition work and to pay the applicable fee; establishing a Damage Prevention Committee in the commission to review and take action on alleged violations; establishing the Underground Utility Line Protection Fund to receive penalties and assessments; and extending the expiration of the act through 2021.

**Discussed at a public hearing in House Consumer Affairs Committee, 3/3/2015**

[HB 635](#) RE: Uniform Construction Code Review and Advisory Council (By Rep. Eli Evankovich, et al)

Amends the Pennsylvania Construction Code Act, in preliminary provisions, further providing for Uniform Construction Code Review and Advisory Council; in Uniform Construction Code, further providing for revised or successor codes; by municipalities, further providing for administration and enforcement; and, in training and certification of inspectors, further providing for education and training programs. Beginning with the 2015 ICC codes, the council shall review the latest triennial code revisions upon official publication of the codes and provisions of any previous triennial code revisions that were not adopted as part of the uniform construction code. The council shall submit a report to the secretary within the 24-month period (changed from 12 months) following official publication of the latest triennial code revisions and with provisions that are specified for modification. Modification shall be limited to the subject matter of provisions revised in triennial code updates and shall be consistent with the intent and purposes of this act. Any provision modified must meet or exceed the code provision in effect, or currently being reviewed, whichever is less stringent. At least two of certain council members shall have recognized ability and experience in building energy efficiency. Members of the council shall serve terms of three years and until successors are appointed. The current term of members appointed prior to January 31, 2015, shall be extended to three years. The department may provide staff support in drafting, including legal counsel, to assist the council in its duties. Members of the council may be reimbursed for reasonable travel, lodging and other necessary expenses incurred in performing their duties. Moneys collected shall be deposited as follows: 45 percent in the Municipal Code Official Training Account, 45 percent in the Construction Contractor Training Account, and ten percent in the Review and Advisory Council Administration Act. Moneys deposited in the Review and Advisory

Council Administration Account shall be transmitted quarterly to the Department of Labor and Industry for expenses of the review and advisory council, for technical assistance, and administrative assistance, as determined necessary by the council as funds are available.

**Introduced and referred to House Labor and Industry Committee, 2/26/2015**

## **LIABILITY**

[HB 654](#) RE: False Claims (by Rep. Brandon Neuman, et al)

Amends the Public Welfare Code providing that a person who commits certain prohibited acts shall be liable to the Commonwealth for three times the amount of damages which the Commonwealth sustains because of the act. Prohibited acts include knowingly presenting a false or fraudulent claim for payment or approval, making a false record or statement material to a false or fraudulent claim, and buying or receiving as a pledge of an obligation or debt, public property from any person who lawfully may not sell or pledge the property. The bill provides for Attorney General investigations and prosecutions; powers of prosecuting authority; and civil actions by individuals as qui tam plaintiff as a private citizen and for jurisdiction of courts.

**Introduced and referred to House Judiciary Committee, 2/26/2015**

## **MANDATE WAIVERS**

[HB 254](#) RE: Mandate Waiver Program (by Rep. Dan Truitt, et al)

Amends the Public School Code, in preliminary provisions, providing for mandate waiver program by adding that a board of school directors may adopt a resolution to apply to the Department of Education for a waiver of any provision of the code, the regulations of the State Board of Education, or the standards of the Secretary of Education if the waiver will enable the school district to improve its instructional program or operate in a more effective, efficient or economical manner. A board of school directors may contact the intermediate unit (IU) of which it is a member to propose that the intermediate unit apply for a waiver on behalf of all of the intermediate unit's member school districts. The bill outlines the duties of the department in developing the waiver application process and approving applications and provides for adoption of waiver by school districts or IUs. After five years, a waiver applicant shall submit an evaluation to the department and when the evaluation indicates an improvement in student performance, instructional program or school operations, the waiver shall be renewed. The bill provides for provisions which cannot be waived.

**Introduced and referred to House Education Committee 2/2/2015**

## **LICENSURE**

**NONE**

## **LOCAL/PROPERTY TAX REFORM**

**NONE**

## **MECHANIC'S LIEN**

[HB 430](#) RE: Mechanics' Lien (by Rep. Dan Truitt, et al)

Amends the Mechanics' Lien Law, in definitions, adding that "contractor" and "subcontractor" includes an architect, engineer or other licensed design professional. The sponsor has stated that the intent of the legislation is to add design professionals as a group that would be able to place a lien on a property if they are not paid for their work.

**Introduced and referred to House Labor and Industry Committee 2/10/2015**

## **MINIMUM WAGE**

[HB 250](#) RE: Minimum Wage (by Rep. Patty Kim, et al)

Amends the Minimum Wage Act increasing the minimum wage to \$9.00 an hour on the effective date and then to \$10.10 an hour one year later. In determining the hourly wage an employer is required to pay a tipped employee, the amount paid such employee shall be an amount equal to: (1) the cash wage paid the employee which for the purposes

of the determination shall be not less than fifty percent of the minimum wage in effect; and (2) an additional amount on account of the tips received by the employe which is equal to the difference between the wage specified in the first stipulation and the minimum wage.

**Introduced and referred to House Labor and Industry Committee, 2/12/2015**

[HB 436](#) RE: Minimum Wage (by Rep. Mark Cohen, et al)

Amends the Minimum Wage Act further providing for definitions and for minimum wages; providing for reporting by the department; and repealing preemption provision. The minimum wage is increase to \$9 an hour beginning sixty days after the effective date, to \$10.10 an hour beginning 425 days after the effective date, to \$11.50 an hour beginning 790 days after the effective date, and beginning January 1, 2017, and each succeeding January 1 thereafter, the minimum wage shall be increased by an annual cost-of-living adjustment. The minimum wage for a tipped employee is increased to \$3.83 immediately, then \$4.83 an hour after one year, and then to 70 percent of the rate otherwise applicable under this section or the Fair Labor Standards Act, whichever is greater, an hour after two years. The department shall collect information of the number of employers who violate the act and shall publish the information on the department's website. The department shall update the information every six months.

**Introduced and referred to House Labor and Industry Committee, 2/10/2015**

## **PREVAILING WAGE**

[HB 637](#) RE: Exemption to PW in Certain School Projects (by Rep. Kerry Benninghoff, et al)

Amends the Public School Code to provide an exception to the requirements of the Pennsylvania Prevailing Wage Act for school construction projects where a school district does not seek state reimbursement.

**Introduced and referred to House Education Committee 2/26/2015**

## **TRANSPORTATION**

NONE

## **WORKER'S COMP**

[HB 467](#) RE: WC Health Care (by Rep. David Hickernell, et al)

Amends the Workers' Compensation Act, in liability and compensation, providing that employers may choose to utilize a Coordinated Care Organization through which a claimant could receive treatment throughout a claim.

**Introduced and referred to House Labor and Industry Committee, 2/12/2015**

[HB 636](#) RE: WC Health Care (by Rep. David Hickernell, et al)

Amends the Workers' Compensation Act, in liability and compensation, further providing for the schedule of compensation by increasing the timeframe from 90 days to 180 days.

**Introduced and referred to House Labor and Industry Committee, 2/26/2015**

## **WORKFORCE DEVELOPMENT**

[SB 110](#) RE: Work-Based Learning Tax Credit (by Sen. Lisa Boscola, et al)

Amends the Tax Reform Code establishing a work-based learning tax credit to provide a tax credit to businesses that participate in a work-based learning program, which combines a school district's ability to provide students with out-of-school programs and part-time employment with a school district's ability to enter concurrent enrollment agreements with a postsecondary institution for courses necessary for certain licenses and certifications.

**Introduced and referred to Senate Finance Committee, 2/12/2015**

[SB 476](#) RE: Fair Employment Act (by Sen. John Rafferty, et al)

Makes it illegal for any employer to employ an unauthorized alien. The bill also states that as a condition for the award of any state contract worth more than \$10,000, the employer has to show enrollment and participation in the

Basic Pilot Program. This program involves the electronic verification of work authorization program of the Illegal Immigration Reform and Immigrant Responsibility Act. Government entities would also have to participate in this program. Violations and enforcement actions are provided. A political subdivision of Pennsylvania may enact any ordinance prohibiting the employment of unauthorized aliens including punishing businesses that hire them and allowing restrictions on rental properties to unlawful aliens.

**Introduced and referred to Senate Labor and Industry Committee, 2/13/2015**

## **Upcoming meetings of Interest**

### **MONDAY - 3/9/15**

**House Democratic Policy Committee**

**2:00 p.m., Warren G. Harding Middle School, 2000 Wakeling, Philadelphia**

Public hearing on education funding

### **WEDNESDAY - 3/11/15**

**House Democratic Policy Committee**

**10:00 a.m., Temple University, Morgan Hall, Room 301D, 1601 North Broad Street, Philadelphia**

Public hearing on minimum wage

### **THURSDAY - 3/20/15**

**House Democratic Policy Committee**

**10:00 a.m., Allentown Economic Development Corporation, 905 Harrison Street,**

**Allentown**

Public hearing on jobs

### **2015 SENATE SESSION SCHEDULE**

<b>March</b>	<b>2, 3, 4</b>
<b>April</b>	<b>13, 14, 15, 20, 21, 22</b>
<b>May</b>	<b>4, 5, 6, 11, 12, 13</b>
<b>June</b>	<b>1, 2, 3, 8, 9, 10, 15, 16, 17, 18, 22, 23, 24, 25, 26, 29, 30</b>

### **2015 HOUSE SESSION SCHEDULE**

<b>March</b>	<b>2, 3, 4, 30, 31</b>
<b>April</b>	<b>1, 13, 14, 15, 20, 21, 22</b>
<b>May</b>	<b>4, 5, 6, 11, 12, 13</b>
<b>June</b>	<b>1, 2, 3, 8, 9, 10, 15, 16, 17, 18, 22, 23, 24, 25, 26, 27, 28, 29, 30</b>

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

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