

**Week of February 22, 2015**

**HEADLINES**

**SECRETARY Y MCNULTY DEFENDS GOVERNOR WOLF’S 2016-17 BUDGET PROPOSAL**

During the worst budget gridlock in decades, the Wolf Administration began defending its $33.3 billion budget proposal through testimony presented by state agencies and departments to the Pennsylvania House and Senate Appropriations. On Tuesday, the Secretary of the Department of Revenue, Eileen McNulty provided the House Appropriations Committee with an update regarding the department’s taxpayer friendly modernization efforts to reduce costs and eliminate backlogs. She also discussed efforts under the governor's GO-TIME initiative, which will lead to the collection of an estimated $3 million and improve efficiencies and offset reductions in the department's budget. Finally, Secretary McNulty discussed the Commonwealth's structural budget deficit and defended the governor's proposal by stating, "The revenue and tax proposals within the governor's budget support the path to prosperity and will move Pennsylvania forward by eliminating the structural deficit, funding schools, and meeting obligations. However, given the specific line of questioning by the Republican controlled House Appropriations Committee of Secretary McNulty’s testimony, deep divides and differing views on budgeting that led to the ongoing FY 2015-2016 budget impasse remain in Wolf’s current 2016-17 spending plan.

**PENNSAVE OFFICIALLY LAUNCED**

The House Republican Policy Committee created a special task force, otherwise referred to as PennSAVE, to find redundancies in government, to find savings and promote efficiencies that mitigate the need for revenue increases. According to the Chairman of the House Republican Policy Committee, elected officials should make it a priority to look for ways to reduce government waste and cut unnecessary costs rather than stand by and allow governments to continue to grow and spend more. The special task force, which is modeled after Governor Wolf’s GO-TIME initiative, will spend the bulk of its time looking at major cost-drivers of state government, particularly in the Department of Human Services, Department of Education, and Department of Corrections. Pennsylvania residents and civil servants are encouraged to submit ideas and proposals for potential savings suggestions to the committee.

**PENNSYLVANIA TAXPAYERS URGED TO BE VILIGANT DURING TAX SEASON**

With tax season before us, Pennsylvania legislators and the Department of Revenue warns that scammers often alter caller ID numbers to make it appear as though the IRS or another agency is calling in an attempt to scam taxpayers. Sometimes callers use IRS titles and fake badge numbers to appear legitimate or use the victim’s name, address and other personal information to make the call sound official.  Taxpayers are being reminded that the Pennsylvania Department of Revenue does not initiate contact with taxpayers by email, text message or other electronic means to request personal or financial information and PA residents are warned not to open attachments or click on any links within an unsolicited email claiming to be from either the Department of Revenue or IRS.  Since October 2013, the Treasury Inspector General for Tax Administration, or TIGTA, has received reports of about 736,000 scams with nearly 4,550 victims having collectively paid over $23 million to scam artists. Taxpayers who suspect a scam should report the communication to the Pennsylvania Department of Revenue at 717-787-8201 or the IRS at 1-800-829-1040.

**PENSION DEBT CLOCK REVEALED**

Without question, the biggest financial problem facing the commonwealth is the pension debt incurred since 2001. Act 9 (2001) and Act 38 (2002) increased already generous retirement benefits, while Act $40 (2003) and Act 120 (2010) made underfunding of those benefits the defacto policy of Pennsylvania. According to the PEW Foundation and others, only New Jersey among the 50 states is worse than Pennsylvania when it comes to funding its pensions. Only two states have worse credit ratings than Pennsylvania and this is a direct result of pension underfunding. During a press conference held earlier this week, the growing debt of the State Employees Retirement System (SERS) and the Public School Employees Retirement System (PSERS) was revealed by pension reform advocates. Based on their analysis, the Commonwealth’s pension debt grows at over $143 per second, amounting to over $12.4 million each day and will have increased by over $1 billion by the end of March.

**GOVERNOR WOLF ANNOUNCED HE HAS PROSTATE COANCER**

During a Wednesday morning press conference, Gov. Tom Wolf and his wife Frances Wolf announced that the governor has been recently diagnosed with a treatable form of prostate cancer but that his diagnosis and treatment will not interfere with his duties as governor of Pennsylvania. Wolf said he would begin treatment in the “next couple weeks” but declined to share specifics. He said he would be treated in York, and that he does not expect to remain in a hospital for “any period of time.”

**HOUSE BILL 561 SIGNED INTO LAW**

House Bill 561, Sponsored by Representative Rob Kauffman, was signed into law AS Act 6 of 2016 by Governor Wolf to exempt active military personnel from having to pay a local Earned Income Tax. Prior to 2008, active duty military pay used to be exempt from the EIT, but was inadvertently changed when a new law passed that amended the definition of “earned income” which resulted in the EIT being taken out of active duty military pay earned within the Commonwealth. The new law will take effect immediately and is applicable to earned income taxes levied and collected after Dec. 31, 2015.

**PENNSYLVANIA GENERAL ASSEMBLY 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

**ANNOUNCEMENTS FROM THE PENNSYLVANIA DEPARTMENT OF REVENUE**

The Pennsylvania Department of Revenue announced several new Pennsylvania Lottery Games in the Pennsylvania Bulletin published on February 20, 2016.