

Week of March 27, 2017

HEADLINES

ATTORNEY GENERAL SHAPIRO WARNS OF TAX SCAMS

With the deadline looming to file tax returns, Attorney General Josh Shapiro is urging Pennsylvanians to beware of scam artists looking to steal their money and financial information as they prepare to file their returns. During tax season, identity theft cases increase as scammers use stolen information to file returns illegally and steal people's refunds. Pennsylvanians in recent years have also reported being swindled out of money by scam artists who falsely claim to be affiliated with the Internal Revenue Service via phone, text, or email. These scam artists sound convincing when they call, using fake names and bogus titles to identify themselves as IRS agents. They often alter incoming calls so they appear to be coming from the IRS. Shapiro encouraged Pennsylvanians who believe they've been scammed to contact the Attorney General's Bureau of Consumer Protection at 800-441-2555 or visit www.attorneygeneral.gov to file a complaint.

FURTHER CONSOLIDATION OF LOCAL TAX COLLECTION

Senator Pat Browne circulated co-sponsorship memorandum for legislation which would further consolidate the collection of local, non-real estate taxes imposed under the Local Tax Enabling Act, at the county regional level using the mechanics created under Act 32.

WITH LESSONS LEARNED, BIPARTISAN GROUP OF LEGISLATORS HOPES FOR VGT BILL SUCCESS

A bipartisan, bicameral group of legislators Monday introduced legislation that would legalize and tax the operation of video gaming terminals (VGTs) in Pennsylvania. Under the legislation, VGTs—which host slot-machine-like games—would be allowed to be played in and hosted by establishments that possess a valid Pennsylvania liquor license as well as truck stops and off track betting sites. Current estimates place the number of potentially eligible entities at around 12,000. This session, the legislators at the helm of the proposals—Representatives Mark Mustio (R-Allegheny) and Paul Costa (D-Allegheny) and Senators Guy Reschenthaler (R-Allegheny) and Lisa Boscola (D-Northampton)—believe they have addressed many of the concerns that caused last session's legislation to fail. In bare numbers, Rep. Mustio estimated that—using a similar plan in Illinois as his basis—the authorization of VGTs could bring in at least \$100 million in the first year and \$300 million to \$500 million in recurring revenue in the following years. The revenue would be split between the state's General Fund, a local share, funding for volunteer firefighter and EMS organizations, funding for drug addiction support, and a hold harmless amount that would be dedicated to funding reductions in the casino industry's portion of the property tax fund contribution.

SENATE EDUCATION REPORTS OUT BILL TO REQUIRE SCHOOL BOARD SUPER MAJORITY FOR TAX HIKE

The Senate Education Committee reported to the full chamber several bills Wednesday morning, including one that would make it a little harder for school boards to increase property taxes. Unanimously approved by the committee, Senate Bill 406 would require a two-thirds majority vote by a school board to increase property taxes. Sen. John Rafferty, R-Montgomery, alluded to the safeguards that exist during the legislative process in state government, and other local governments, requiring important decisions go through many considerations. In the case of school boards, though, Rafferty said they are making decisions on what he called "the most important ownership right of an individual – a home."

TEMPLE MAY RAISE THE COST OF THEIR MEAL PLAN BECAUSE OF THE SODA TAX — PENN HAS NO PLANS TO FOLLOW SUIT

Students at Temple University may have to swallow the cost of Philadelphia's soda tax through an increased meal plan cost — but Penn has no plans to go a similar route. During a phone conference on March 14, Temple's trustees proposed raising the cost of meal plans by an additional 6 percent, 4.8 percent of which will offset the 1.5 cents per ounce tax on beverage-sweeteners, The Philadelphia Inquirer reported. Temple later promised to "reconsider" the fee after Mayor Kenney spokesperson and 2013 College graduate Lauren Hitt argued the tax was being used as a "scapegoat" for other expenses. Still, the possibility remains that Temple students will be shouldering the higher cost come next fall. A soda tax fee isn't something students should expect to see at Penn. Director of Business and Hospitality Services Pam Lampitt said Penn, like Temple, is now paying significantly more for the sweetened drinks available at dining halls. But Lampitt says the prospect of a raise in costs for students was never mentioned.

VETERANS' SERVICE ORGANIZATIONS EXEMPTION

Representative Francis Ryan circulated co-sponsorship memorandum for legislation to exempt Veterans' Service Organizations from realty transfer taxes under the Tax Reform Code. Specifically, this legislation would exempt veterans' service organizations, such as the American Legion and VFW from the realty transfer tax when the home association property is transferred to the VSO.

WOLF ADMINISTRATION OFFERS DETAILS OF PROPOSED DHHS MERGER TIMELINE

Senate lawmakers on Wednesday held the first of a series of public hearings intended to unearth the gritty details of Gov. Tom Wolf's proposal to merge four health-related departments. While many of the upper chamber's legislators were hoping to address their laundry lists of concerns, most of the four-hour hearing seemed to rehash testimony provided in budget hearings held earlier this month. Jennifer Smith, acting secretary of the Department of Drug and Alcohol Programs (DDAP), said the administration is in the process of engaging with stakeholders and developing a "detailed organization structure" to present to the General Assembly in April. The administration is also crafting "enabling" legislation outlining the structure of the new department for the Legislature to consider. It will be provided to lawmakers "as soon as possible," said Smith. If approved, the merger would go into effect on July 1, though the department leaders emphasized that the merger, preserving which is projected to save \$90 million for Fiscal Year 2017-18, wouldn't be completed in one swift motion but in multiple phases over time. However, that only gives the administration less than 93 days to lay out their proposal and convince lawmakers, who have countless concerns, to support it as part of their budget for next year. The Senate committee leaders will hold another hearing on the matter in April in Reading.

SENATE OKS MONEY FOR PENNSYLVANIA UNEMPLOYMENT COMP CENTERS

Legislation heading to the Pennsylvania House of Representatives would free up \$15 million to improve service in the state's unemployment compensation centers. Senators voted 39-8 on Wednesday for the bill. Its passage follows the December layoff of 499 workers after the Senate's Republican majority and Democratic Gov. Tom Wolf quarreled over continuing state funding for the unemployment compensation system. House Labor and Industry Committee Chairman Rob Kauffman says the Senate bill's concept is on the right track. He expects to take action on it quickly. The state Department of Labor and Industry couldn't immediately detail how the \$15 million would improve services. Department officials told Senate Labor and Industry Committee Chairwoman Kim Ward that they could rehire 499 people through early September, or fewer people for the remainder of 2017.

AUDITOR GENERAL DEPASQUALE SAYS LACK OF OVERSIGHT, POOR MANAGEMENT CAUSED UNDETERMINED LOSS OF REVENUE AT DGS CAPITOL POLICE TICKET OFFICE

Auditor General Eugene DePasquale said Thursday his team found an extreme lack of oversight and poor management at the Department of General Services' Capitol Police parking ticket office that left them unable to determine the total amount of missing or unaccounted for ticket payments. "From our recently completed audit, we know the state lost at least \$7,420 of revenue from a complete break-down of internal controls at the DGS parking ticket office," DePasquale said. "Missing records, files in disarray, uncashed checks, and unaccounted for tickets, made it impossible to determine how much additional money might be unaccounted for or missing. DePasquale said auditors found DGS did not reconcile the parking ticket books assigned to Capitol Police officers with tickets returned to the ticket office, ticket fines were not always recorded in the computer system, and payments were not always deposited. Based on the approximate number of tickets issued during the review period, auditors determined there was a balance due to DGS of \$23,185, or 4,637 tickets multiplied by the \$5 fine. DGS only deposited \$14,336 in parking fines. An additional \$1,429 in checks dated from 2011 through 2014 found in the ticket office were stale-dated and could not be deposited, resulting in a \$7,420 discrepancy between the amount due to DGS and the fines collected.

PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:

2017 SENATE SESSION SCHEDULE

April 18, 19, 24, 25, 26

May 8, 9, 10, 22, 23, 24

June 5, 6, 7, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

2017 HOUSE SESSION SCHEDULE

April 3, 4, 5, 18, 19, 24, 25, 26

May 8, 9, 10, 22, 23, 24

June 5, 6, 7, 12, 13, 14, 19, 20, 21, 22, 26, 27, 28, 29, 30

DEPARTMENT OF REVENUE UPDATE

None

IRRC UPDATES

None