Week of October 9, 2017

**HEADLINES**

**PSTAP FALL TAX SEMINARS**

PSTAP will continue to hold tax seminars throughout the state with the Department of Revenue. The remaining seminars will be held in Wyomissing on Oct 17th, Breinigsville on October 19th, Springfield on October 25th, Gettysburg on October 27th, and Pittsburgh on October 31st.

**Gov. Wolf reboots plan to monetize Farm Show Complex through a lease-leaseback**

Gov. Tom Wolf announced Monday that, as part of his ongoing effort to manage state finances in the absence of a balanced budget, that he is rebooting a plan from his February budget address to monetize the Pennsylvania Farm Show Complex through a lease-leaseback provision. According to the governor’s office, the financial maneuver to monetize this state asset will allow the Commonwealth to retain ownership of the facility while using its value to protect schools and other entities relying on state funding. The plan calls for seeking bids from private entities to engaged in a lease-leaseback over a 29-year period for an up-front monetization of $200 million. Essentially, the private entity will lease the facility for a 29-year period and lease it back to the Commonwealth for annual payments, plus interest. In discussing the proposal in February, Budget Sec. Randy Albright speculated that the lease would likely amount to $11 million in annual payments for a total of $319 million over the 29-year life of the leaseback. In regard to Governor Wolf’s plan to securitize the state’s liquor profits, the Pennsylvania Liquor Control Board stated they are looking into the legality of the action and hope to have a contract by the end of the year.

**Governor Wolf Urges Support for Shale Tax, State-Related Universities**

Wednesday, Governor Tom Wolf stood with lawmakers and local officials in Erie to urge the legislature to come back to Harrisburg to complete the budget process by passing a severance tax and funding the state-related universities. "I’m here to make clear that I am managing the budget, but the General Assembly still has work to do: fund our major state universities and pass a commonsense tax on shale,” said Governor Wolf. “The fairest and simplest solution to the current budget challenge is a severance tax on natural gas production.” The legislature has also not taken action to fund institutions of higher education including Penn State, the University of Pittsburgh, Temple and Lincoln universities and the PennVet School. As stated last week by Senate Majority Leader Jake Corman, at this time, the state funding for those schools is in question.

**Governor Wolf Announces $217 Million in GO-TIME Savings in 2016-17 Fiscal Year**

Governor Tom Wolf Wednesday announced more than $217 million in savings during the 2016-17 fiscal year from his administration’s efforts to modernize government operations to reduce costs and improve efficiencies through the Governor’s Office of Transformation, Innovation, Management and Efficiency (GO-TIME).Some of the projects which have contributed to the $217 million in savings include using mobile apps to improve service, reducing energy costs, and improving procurement strategies.

**POTENTIAL TAX GRACE-PERIOD LEGISLATION**

Representative Pam Snyder circulated co-sponsorship memorandum on Thursday for legislation which would amend the Tax Reform Code to provide taxpayers who are delinquent on their taxes a 60-day grace period. The grace-period would begin following notification sent via certified mail from the Department of Revenue before there are required to pay applicable penalties or interest. Her intent is to allow individuals to correct erroneously filed information before being charged penalties or interest.

**House Finance Committee to consider severance tax bill**

An effort is underway to move a severance tax bill out of the House Finance Committee next week. The committee has scheduled a meeting for 11 a.m. Monday to consider House Bill 1401, a proposal sponsored by Rep. Gene DiGirolamo, R-Bucks, to levy a 3.2-percent state tax on Marcellus natural gas production. The move comes after the Republican-controlled House on Oct. 4 rejected a discharge resolution seeking to move another severance tax bill from the Environmental Resources and Energy Committee to the House floor. The motion was defeated 83-115 amid debate over the continuing stalemate on a state revenue package and impact of using a discharge resolution to move legislation. Gov. Tom Wolf has continued to call for a severance tax since the resolution's defeat. DiGirolamo's bill calls for keeping the current state impact fee on natural gas drillers. House GOP leaders won't be involved trying to shape the committee vote's outcome, said Steve Miskin, spokesman for House Majority Leader Dave Reed, R-Indiana, on Wednesday.

**Potential Soda Tax Legislation**

Sen. Mario Scavello introduced co-sponsorship memorandum for legislation to preempt local taxation of sweetened beverages in the Commonwealth. The legislation would be designed to prohibit any municipality from levying such a tax while also invalidating the current soda tax in Philadelphia. On Wednesday, Chicago repealed their soda tax just two months after it was enacted.

**Hughes, Yudichak, Brewster Sponsor Three-Pronged Manufacturing Initiative**

A new legislative initiative designed to spur manufacturing and job creation should be a priority for Senate consideration, according to Sens. Vincent J. Hughes (D-Philadelphia), John T. Yudichak (D-Luzerne) and James R. Brewster (D-Allegheny), the prime sponsors of the plan. The legislation authored by Senator Hughes seeks to maximize the Manufacturing Tax Credit.  The Philadelphia lawmaker’s bill (Senate Bill 925) would increase the credit cap to $12.5 million from its current $4 million, expand the credit to include job training costs, and allow small manufactures to apply jointly for the credit.  A $2.5 million piece of the tax credit would be reserved for businesses located in distressed communities in addition to disadvantaged, minority, women and veterans owned businesses. Hughes said that he expected the legislative package would be introduced within the next two weeks.

**Outside Harrisburg, Trump says tax-cut plan is for the middle class**

President Trump returned to Harrisburg Wednesday to selling his tax-overhaul proposal in an appearance near Harrisburg, saying the plan was designed to lift the middle class rather than the wealthiest. Trump highlighted what he said are impending benefits for the middle class in the tax plan. The president focused in particular on small, family-owned businesses in the trucking industry, outlining the plan’s proposed elimination of the estate tax.

**Wolf Administration Provides Personnel Update**

Wednesday, the Wolf Administration announced that Secretary of State Pedro Cortes submitted his resignation. Robert Torres, the current Executive Deputy Secretary, will act as the Interim Secretary of State.

**REAL ID GRACE PERIOD EXTENSION**

The Department of Homeland Security announced an enforcement grace period through January 22, 2018 for REAL ID compliance. The grace period went into effect on Wednesday.

 **PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2017 SENATE SESSION SCHEDULE**

October          16, 17, 18, 23, 24, 25

November      13, 14, 15

December       11, 12, 13, 18, 19, 20

**2017 HOUSE SESSION SCHEDULE**

October           16, 17, 18, 23, 24, 25

November       13, 14, 15, 20, 21, 22

December        4, 5, 6, 11, 12, 13, 18, 19, 20

**UPCOMING COMMITTEE MEETINGS AND HEARINGS**

**House Finance**
**TUESDAY - 10/17/17**
**9:30 a.m., Room 60, East Wing**

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|   | Informational meeting on Sterling Act/Philly Wage Tax and:

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| --- | --- | --- | --- |
|  | [HB 1312](http://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2017&sInd=0&body=H&type=B&bn=1312)    | Petri, Scott | Amends the Local Tax Enabling Act, in local taxes, further providing for payment of tax to other political subdivisions or states as credit or deduction and withholding tax. |

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**House Finance (PUBLIC HEARING)**
**TUESDAY - 10/24/17**
**Subcommittee on Modernization and Reform**
**9:00 a.m., Room B31 Main Capitol**

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|   | Public hearing on Pennsylvania taxes and history |

**House Finance (PUBLIC HEARING)**
**WEDNESDAY - 10/25/17**
**9:00 a.m., Room 205, Ryan Office Building**

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|   | Public hearing on Department of Revenue collection practices |

**DEPARTMENT OF REVENUE UPDATE**

None

**IRRC UPDATES**

None