Week of July 2, 2018

**HEADLINES**

**Capitolwire: JUA sues state again after latest budget-related attempt to control the insurer and its sizable financial reserves.**

Yet another federal lawsuit has been filed against the Pennsylvania Legislature and Gov. Tom Wolf for trying to transfer money to the budget from a medical malpractice insurance fund. This latest legal action filed by the nonprofit Pennsylvania Professional Liability Joint Underwriting Association (JUA), which was established by the General Assembly in 1976 to provide healthcare providers with medical malpractice insurance, seeks to maintain the JUA as a private entity, which it has operated as since created by the state. During the past two budget seasons, the General Assembly has attempted to access a majority of the JUA’s approximate $268 million in funds. In 2016, the General Assembly passed legislation that required the JUA to provide an interest-free loan to the state. The following year, the Legislature passed a law that would require a mandatory transfer of $200 million to the state. The JUA sued to stop those attempts: the 2016 case is still in court, but U.S. Middle District Chief Judge Christopher C. Conner ruled in May that the Legislature’s actions as part of the 2017-18 state budget [were an unconstitutional grab of private property](http://capitolwire.com/shared/cwArticle.asp?ArticleId=2487142). In addition to filing the suit with Conner again in the U.S. District Court for the Middle District of Pennsylvania [asking the latest legislative action be declared unconstitutional](http://www.govnetpa.com/lib/20180628_JUA_Court_Filing1.PDF), the JUA is requesting [a temporary restraining order and preliminary injunction](http://www.govnetpa.com/lib/20180628_JUA_Court_Filing2.PDF) from several sections of [House Bill 1851](http://www.govnetpa.com/GOV/billinfo?b=hb1851&s=20170&go=Go%21) that Gov. Tom Wolf signed last week, in order to prevent the dismantling of the JUA before their lawsuit is adjudicated. HB1851 was amended in the Senate, a day before it was passed and signed into law, to make the JUA an “instrumentality of the Commonwealth,” outlining its oversight by the Department of Insurance, transferring the JUA and all of its assets to the Department of Insurance. It also changes the makeup of the JUA’s board to several state-appointed positions, which the JUA said in its filing is currently made up mostly of its association members. The JUA claims HB1851 is the Commonwealth’s “most brazen, unconstitutional attempt” to seize its assets. Jenn Kocher, the spokeswoman for Senate Majority Leader Jake Corman, said before Thursday’s filing that HB1851 is meant to “bring accountability” to the state-created association.

**PA Turnpike Commission Approves Toll Increase for 2019**

The Pennsylvania Turnpike Commission (PTC) at its bimonthly meeting approved a six percent toll increase for 2019 both for E-ZPass and cash customers; the increase is set to start at 12:01 a.m. on Jan. 6, 2019. The toll increase will apply to all PA Turnpike sections and extensions, including the westbound Delaware River Bridge cashless tolling point (#359) in Bucks County, where tolls have not changed since January 2016. Because of the action, the most-common toll for a passenger vehicle will increase next year from $1.30 to $1.38 for E-ZPass customers and from $2.10 to $2.25 for cash customers. The cashless toll at the westbound Delaware River Bridge will increase from $5.00 to $5.30 for E-ZPass customers and from $6.75 to $7.20 for those who use PA Turnpike TOLL-BY-PLATE. The most common toll for a Class-5 tractor-trailer truck will increase from $3.45 to $3.66 for E-ZPass and from $15.35 to $16.30 for cash. The 2019 toll increase — like previous annual toll increases — is required to meet the PTC’s funding obligations as well as maintaining and improving the 552-mile PA Turnpike system.

**Auditor General DePasquale Says Turnpike Toll Hikes Making Roadway Unaffordable**

Auditor General Eugene DePasquale issued this statement following a vote today by the Pennsylvania Turnpike Commission to raise tolls six percent in January 2019 — the eleventh consecutive annual increase: “As [my previous audit](http://www.paauditor.gov/press-releases/auditor-general-depasquale-says-turnpike-commission-audit-finds-unrealistic-growth-projections-could-cause-transportation-disaster) and my [2013 special report](https://www.paauditor.gov/press-releases/auditor-general-depasquale-says-turnpike-debt-unsustainable-due-to-act-44-financial-obligations-drivers-businesses-will-pay-more) requested by House Speaker Mike Turzai predicted, until legislators in Harrisburg address the $450 million payment the Turnpike must make to PennDOT annually, tolls are going to continue to rise. “I currently have teams auditing both [PennDOT](https://www.paauditor.gov/press-releases/auditor-general-depasquale-launches-audit-of-penndot)and the [Turnpike Commission](https://www.paauditor.gov/press-releases/auditor-general-depasquale-launches-audit-of-pennsylvania-turnpike). The results of those two audits could help provide some relief for motorists who are already tired of the toll increases. “If they keep raising tolls, middle-class families are going to be forced off the roadway.”

**Capitolwire: PA Lottery moves away from deficit threat.**

The Pennsylvania Lottery has moved away from a once-threatened deficit due to a combination of factors, including a steady growth in traditional ticket sales and a projected influx of revenue from new on-line Lottery games. The state Independent Fiscal Office has factored a 5.4 percent growth rate for Lottery revenue in Fiscal Year 2017-18 and estimates a growth rate around 3.8 percent in Fiscal Year 2018-19. This growth rate is based mainly on strong sales for instant tickets and multi-state lotto sales with their sizeable jackpots. Instant ticket sales increased 3.6 percent in FY 2017-18 above the previous year, said IFO revenue analyst Tessa Dorr. Megamillions recorded its fourth largest jackpot in history totaling $521 million, she added. In addition, Lottery ticket sales got a boost from the federal tax cut last December that affected take home pay, Dorr said. The Lottery anticipates a $30 million profit (after prizes and other operating costs are paid) from iGames, said agency spokesman Gary Miller. The 2016 gambling expansion law authorizes the Lottery to offer iLottery games and Keno to customers using computer and mobile devices. Officials regard this as the most significant modernization since the Lottery started in 1972. The Lottery launched PA iLottery interactive games in early June, with the game played online on a computer, tablet or mobile device. They are played under such names as *Bigfoot*, *Crossword Cash* and *Super Cash Buster*. Keno, a new monitor game with frequent drawings, rolled out on May 1, being sold at all 9,400 Lottery retailers. Players can watch drawing results on monitors in bars and restaurants. The positive revenue trends have put to rest earlier predictions by the Wolf administration the Lottery Fund would start posting deficits.

**Wolf Administration Lauds Added Consumer Protections in New Law Requiring Insurer Participation in Life Policy Finder Program**

Insurance Commissioner Jessica Altman applauded Gov. Wolf’s signing of House Bill 152, now Act 48, sponsored by Rep. Marguerite Quinn, (R) Bucks County, that requires life insurers to participate in the Life Policy Finder Program. This program helps beneficiaries receive benefits from life insurance policies that may have been lost over time.  While Pennsylvania is already participating in the program, Altman said Rep. Quinn’s legislation is important because it puts in statute that all insurers with life policies or annuities in Pennsylvania must be part of this program, which is currently voluntary for insurers.  Under this law, any insurer selling life insurance policies or annuities in Pennsylvania must provide the Insurance Department with an email address to which the department can send requests to search for a policy.  These requests can be made by a member of the decedent’s family who has requested and received a copy of the decedent’s death certificate, or a personal representative of the decedent’s estate.

**PENNSYLVANIA GENERAL ASSEMBLY SESSION SCHEDULE:**

**2018 SENATE SESSION SCHEDULE**

September 24, 25, 26

October 1, 2, 3, 15, 16, 17

November14

**2018 HOUSE SESSION SCHEDULE**

September 12, 13, 24, 25, 26

October 1(NV), 2(NV), 3, 9, 10, 15, 16, 17

November13

**UPCOMING COMMITTEE MEETINGS AND HEARINGS**

[**Independent Regulatory Review Commission**](http://www.ctbpls.com/htbin/web_com.com?Comnam=096&Session=17R)
**THURSDAY - 7/19/18**
**10:00 a.m., 14th Floor Conference Room, 333 Market Street, Harrisburg**

|  |  |
| --- | --- |
|   | To consider the following regulation:* Reg. No. 3156 Department of Community and Economic Development #4-97:Local Earned Income Tax
 |

**Department of Revenue Updates**

**2017 Property Tax/Rent Rebates to be Distributed Starting July 2**

​The Department of Revenue today announced approximately 425,000 older homeowners, renters and people with disabilities across Pennsylvania will be issued rebates totaling $201 million starting July 2, 2018 through the Property Tax/Rent Rebate Program. As specified by law, rebate distributions cannot begin until July 1. Because July 1 falls on a Sunday this year, rebates will be distributed to applicants via direct deposit on July 2. Applicants who requested a paper check to be mailed to them should expect to receive their payment in the mail in early July. As a reminder, applicants are required to submit their bank account information on their application forms in order to receive their rebates through direct deposit.  After the initial distribution of rebates in early July, rebates will be distributed as claims are received and processed.  It costs nothing to apply for a rebate, and the department reminds applicants that free assistance is available at hundreds of locations across the state, including [Department of Revenue district offices](http://www.revenue.pa.gov/GetAssistance/Pages/District-Offices.aspx), [local Area Agencies on Aging](http://www.aging.pa.gov/local-resources/Pages/AAA.aspx), senior centers and state legislators’ offices. Claimants who already applied for rebates may check the status of claims online at [www.revenue.pa.gov](http://www.revenue.pa.gov/)by clicking on the “Where’s My Property Tax/Rent Rebate?” link. Claimants may also call, toll-free, 1-888-PATAXES to check the status of their rebates.  [Click here](https://revenue-pa.custhelp.com/) to access the department’s Online Customer Service Center, where Pennsylvanians can find helpful tips and answers to commonly asked questions about the Property Tax/Rent Rebate Program. Applicants may obtain Property Tax/Rent Rebate claim forms (PA-1000) and related information on the [Department of Revenue’s website ​](http://www.revenue.pa.gov/GeneralTaxInformation/PropertyTaxRentRebateProgram/Pages/Request-an-Application.aspx)or by calling, toll-free, 1-888-222-9190.

**Revenue Department Releases Fiscal Year 2017-2018 Collections**

**​**Pennsylvania ended the 2017-18 fiscal year with $34.6 billion in General Fund collections, Revenue Secretary Dan Hassell reported. Sales tax receipts totaled $963.5 million for June, $11.9 million above estimate. Year-to-date sales tax collections total $10.4 billion, which is $40.5 million, or 0.4 percent, more than anticipated. Personal income tax (PIT) revenue in June was $1.1 billion, $37.3 million below estimate. This brings year-to-date PIT collections to $13.4 billion, which is $94.2 million, or 0.7 percent, above estimate. June corporation tax revenue of $568.1 million was $49.7 million below estimate. Year-to-date corporation tax collections total $4.9 billion, which is $220.3 million, or 4.3 percent, below estimate. Inheritance tax revenue for the month was $91.8 million, $10.2 million below estimate, bringing the year-to-date total to $1 billion, which is $2.3 million, or 0.2 percent, above estimate. Realty transfer tax revenue was $45.9 million for June, $10.7 million below estimate, bringing the fiscal-year total to $514.4 million, which is $0.3 million, or 0.1 percent, more than anticipated. Other General Fund tax revenue, including cigarette, malt beverage, liquor and gaming taxes, totaled $179.1 million for the month, $7 million below estimate. That brings the year-to-date total to $1.8 billion, which is $46.9 million, or 2.6 percent, below estimate. Non-tax revenue totaled $95.7 million for the month, $155.6 million below estimate, bringing the year-to-date total to $2.6 billion, which is $7.3 million, or 0.3 percent, below estimate. In addition to the General Fund collections, the Motor License Fund received $247.9 million for the month, $3.6 million above estimate. Fiscal year-to-date collections for the fund — which include the commonly known gas and diesel taxes, as well as other license, fine and fee revenues — total $2.9 billion, which is $52 million, or 1.8 percent, above estimate. The 2017-18 fiscal year General Fund revenue collections reported above are preliminary, pending a final revenue deposit and year-end adjustments. Total 2017-18 fiscal year revenue collections, combined with reductions in budgeted expenditures, enabled the commonwealth to end the fiscal year with a budget surplus. For the first time in a decade, the commonwealth is projected to make a $22 million deposit into the Budget Stabilization Reserve Fund.

**PENNSYLVANIA BULLETIN ANNOUNCEMENTS**

**DEPARTMENT OF REVENUE
Notices**

[Adjustment of program service revenue amounts](https://www.pabulletin.com/secure/data/vol48/48-26/1010.html)

[Realty transfer tax; 2017 common level ratio; real estate valuation factors](https://www.pabulletin.com/secure/data/vol48/48-25/983.html)