

CAWP
Summary of Legislation
April 2009

PA State Budget Discussions Heat Up as Revenue Shortfall Expected to Hit \$3 billion

House Appropriations Chairman Dwight Evans, D-Philadelphia, said House Democrats will use Gov. Edward G. Rendell's budget proposal as the basis for crafting a new state spending plan, a decision that comes even as Pennsylvania's revenue projections worsen.

In February, the governor proposed a budget for 2009-10 that set General Fund spending at \$28.9 billion before any federal stimulus money. The current General Fund budget was \$28.2 billion before Rendell ordered \$556.8 million in cuts. In addition, the governor hopes to use \$1 billion in federal stimulus money to offset the ever-growing revenue shortfall in the current year.

House Appropriations staff analysts recently projected that the revenue shortfall for fiscal year 2008-09 would hit at least \$3 billion or \$700 million more than the governor projected in February and \$400 million more than the legislature projected in March. The higher shortfall complicates the budget discussions.

The new revenue figures caused the Senate GOP to cut their budget proposal to \$27.2 billion. "I told my staff, we had a budget plan of \$27.5 billion. Now we have to make more cuts," said Senate Appropriations Committee Chairman Jake Corman, R-Centre, of his caucus' plan, which could be introduced and passed soon. "So our new figure is \$27.2 billion, and that is based on a \$2.9 billion shortfall estimate. ... We think the shortfall is going to be \$2.9 billion to \$3.1 billion."

House Democratic Appropriations Committee Chairman Dwight Evans, D-Philadelphia, recently introduced the governor's \$28.9 billion proposed budget plan, which will serve as the basis of negotiations. "That is not going to work," Corman said. "The governor based his budget on a \$2.3 billion revenue shortfall for this year and next year. So his budget is a billion-and-a-half dollars out of balance for this year and the coming year. So he has to find another billion-and-a-half dollars in cuts or higher taxes. "We are going to introduce a responsible budget, one that we can afford, given the last bad news we had in revenues."

PA Turnpike's Transportation Funding Payments Reach \$1.6 Billion Mark

On April 29, 2009, Pennsylvania Turnpike Commission officials transmitted a payment of \$212.5 million – generated entirely by tolls on the Turnpike system and the sale of revenue bonds – to the Commonwealth of Pennsylvania, bringing the commission's total Act 44 infusion to \$1.6 billion over the last 21 months.

With the payment – the final quarterly installment toward the commission's fiscal year 2009 obligation of \$850 million – the Turnpike continues to fulfill its yearly responsibility to help address a funding deficit affecting Pennsylvania's highways, bridges and public-transportation systems (it provided \$750 million in Act 44 funds to the state the prior fiscal year).

From the Turnpike's payment, the Pennsylvania Treasury Department will transfer \$125 million to the Motor License Fund for road and bridge work while the remaining \$87.5 million will go to the Public Transportation Trust Fund and the Commonwealth's 73 transit agencies.

The Turnpike's fiscal year 2010 commitment under Act 44 is \$900 million. Quarterly payments of \$225 million will be made in July and October this calendar year as well as January and April 2010. Of the \$900 million, \$500 million will be dedicated to road and bridge projects with the remaining \$400 million to aid the state's transit agencies.

Act 44 was signed into law in July 2007 to address Pennsylvania's transportation-funding shortfall. Since the initial Act 44 payment was made in August 2007, the Turnpike has provided \$950 million to PennDOT for roadway and bridge projects and \$650 million for mass-transit operations and capital programs.

LEGISLATIVE ACTIVITY

SMALL BUSINESS ISSUES

[HB 1089](#) RE: Mini-COBRA Small Employer Group Health Plan and Premium Assistance Act (by Rep. Rob Matzie, et al)
Provides Commonwealth citizens the opportunity to take full advantage of the Federal premium assistance program so the cost of health insurance coverage for the unemployed can be minimized when possible, and which will survive beyond the temporary relief provided in the Federal act. Persons, and the eligible dependents of the persons, who are employed by an employer that normally employed between two and nineteen employees on a typical business day during the preceding year and are not receiving social security benefits are eligible.

Reported as amended from House Insurance Committee, read first time, and laid on the table, 4/1/2009

Removed from the table and Rereferred to House Appropriations Committee, 4/20/2009

Reported as committed from House Appropriations Committee, amended on House floor, and read second time, 4/21/2009

Read third time and passed House, 4/22/2009 (191-1)

Received in the Senate and referred to Senate Banking and Insurance Committee, 4/24/2009

[HR 78](#) RE: Minority-owned businesses (by Rep. Jake Wheatley, et al)

Resolution providing for the establishment of a select committee to investigate the degree to which minority-owned business enterprises, women-owned business enterprises and disadvantaged-owned business enterprises have been utilized in contracts awarded by the Commonwealth of Pennsylvania.

Adopted, 3/25/2009 (192-0)

Select Committee established: Wheatley, Chair, Buxton, Thomas, Josephs, Beyer, Mustio and Sonney, 4/27/2009

LOCAL GOVERNMENT/REGULATIONS

[HB 1219](#) RE: Contributions by Contractors (by Rep. Curt Schroder, et al)

Amends the PA Election Code adding a new section providing no Commonwealth agency may award a contract to an applicant under Title 62 of the Pennsylvania Consolidated Statutes, sections 513 (relating to competitive seal proposals), 514 (relating to small procurement), 515 (relating to sole source procurement), 516 (relating to emergency procurement), 518 (relating to competitive selection procedures for certain services) or 519 (relating to selection procedure for insurance and notary bonds) unless the applicant has submitted a completed and signed disclosure statement to the agency in compliance with this section. Further provides for eligibility for certain contracts; the content for disclosure statements and updates; and for definitions.

Introduced and referred to House State Government Committee, 4/7/2009

INDEPENDENT CONTRACTORS

[HB 400](#) RE: Construction Workplace Fraud Act (By Rep. Bryan Lentz, et al)

States for the purposes of the Minimum Wage Act, the Wage Payment and Collection Law, the Unemployment Compensation Law and the Workers' Compensation Act, an individual engaging in or performing services in the commercial or residential building construction industry for remuneration is presumed to be an employee unless: (1) the individual has been and will continue to be free from control or direction over performance of such services both under the contract of service and in fact; and (2) as to such services, the individual is customarily engaged in an independently established trade, occupation, profession or business. The bill outlines twelve criteria for deeming an individual to be an independent contractor in the construction industry and states improper classification of employees is subject to civil, administrative and criminal penalties, remedies or actions outlined in the legislation. The Attorney General shall have concurrent prosecutorial jurisdiction. The Department of Labor and Industry shall annually report to the General Assembly detailing data on the previous calendar year's administration and enforcement of this act.

Reported as amended from House Labor Relations Committee, read first time, and Laid on the table 4/27/2009

Removed from the table and Rereferred to House Appropriations Committee, 4/28/2009

Reported as committed from House Appropriations Committee, amended on House floor, and read second time, 4/29/2009

BIDDING THRESHOLDS

[HB 1383](#) Cost-benefit Analysis of Contracts (by Rep. Scott Petri, et al)

Amends Title 62 (Procurement) requiring a cost-benefit analysis of a contract involving property, real, personal or mixed of any kind or description or any contract for personal services where the consideration involved is \$50,000 or more before it is implemented; supplies, services or construction are accepted; or work begun. This requirement shall not apply where there is a threat to public health, welfare or safety or there are circumstances outside the control of the Commonwealth agency that create an urgency of need that does not permit the delay involved for the completion of a cost-benefit analysis. The analysis shall be filed with the Treasury Department and be available on the Treasury Department's publicly accessible website.

Introduced and referred to House State Government Committee, 4/29/2009

REMAINING SPRING 2009 SESSION SCHEDULES

SENATE SESSION SCHEDULE FOR MAY – JUNE 2009

May 4, 5, 6, 11, 12, 13

June 1, 2, 3, 8, 9, 10, 15, 16, 17, 22, 23, 24, 25, 26, 29, 30

HOUSE SESSION SCHEDULE FOR MAY – JUNE 2009

May 4, 5, 6, 7, 11, 12, 13, 14

June 1, 2, 3, 4, 8, 9, 10, 11, 15, 16, 17, 18, 22, 23, 24, 25, 26, 29, 30

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

<http://www.legis.state.pa.us/WU01/LI/BI/billroom.htm>.