

**CAWP**  
**Monthly Legislative Report**  
**June 2011**

**Legislative News**

**Corbett Delivers First Budget**

In the waning minutes of June 30, Governor Tom Corbett achieved the primary goals that he and the Republican-controlled General Assembly set when he delivered his March budget address – an on-time, no-tax increase budget for the 2011-2012 fiscal year, which begins on July 1. The budget and accompanying enabling legislation was basically a product of agreements between the Governor and the House and Senate Republicans. Democrats weighed in with fierce criticism of each piece of legislation in floor and committee debates and largely voted against the bills. Republicans were quick to call the \$27.149 billion spending plan a victory on many levels. The last eight Pennsylvania budgets weren't decided until after the start of the fiscal year – sometimes long after. An on-time budget was a high priority. But more historically and importantly for the state's fiscal integrity, the FY 2011-2012 General Fund budget cuts total spending by 4.1 percent. Reporters have been scrambling to find an example of the state reducing spending over a previous year. Some think it's happened a handful of times in the last 40 years, but others report searches going back through 80 years of records have come up empty in terms of real budget cuts.

The major areas where savings are achieved in the new \$27.149 billion spending plan (HB 1485) are in the Human Services (DPW) and education programs. Through a reduction in the state's workforce, a streamlining of programs, and the appropriations cuts, the cost of administering state government will drop by 10 percent over the next four years, according to the Governor's staff. There are no new taxes in the budget and the phase-out of the capital stock and franchise taxes begins again on schedule. That will save Pennsylvania businesses \$70 million in the current year. The R&D Tax Credit was increased from \$40 million to \$55 million and the Film Tax Credit was maintained. The budget also increases the bonus depreciation deduction to 100 percent for property places into service before January 2012. Higher education received significantly more money than Governor Corbett proposed in March, but still nearly one-fifth less than last year. Spending for K-12 was also cut, albeit less than the Governor proposed. Eligibility reforms and better enforcement will seek to save about \$500 million in welfare and Medicaid spending.

As the minutes ticked by toward the deadline for the Governor to sign the state budget, Republican leaders delivered another one of the governor's budget-related priorities: a reform of the state's school district property tax referendum law. During the last hours of session, the bill teetered between passage and failure with momentum shifting back and forth. Corbett had threatened not to sign the budget bill if the referendum bill (SB 330) wasn't passed.

**Governor's Transportation Funding Advisory Commission Reviews Funding Recommendations**

The governor's Transportation Funding Advisory Commission met on June 27 in Harrisburg to continue its overview of the Commonwealth's transportation infrastructure and how best to meet funding needs. Presentations from the state Budget Office and the state's ports were followed by an overview of funding recommendations developed collectively by PennDOT and the Turnpike Commission.

Peter Tartline of the Office of the Budget addressed the group about General Fund revenue and expenditure projections for the state, including anticipated cost drivers such as increased costs for health care, pensions, debt service and corrections. He noted that the operating budget for all Commonwealth expenses is \$63 billion, with \$2.6 billion coming from the Motor License Fund.

Transportation Secretary Barry Schoch reviewed some proposed funding recommendations both organizations have discussed, including indexing flat vehicle and driver fees to the rate of inflation; removing the cap on the Oil Company Gross Profits Tax; a vehicle ad valorem fee which would be paid by

drivers based on the value of the vehicle and/or the age of the vehicle. Schoch said the Commission would also like to see funding for the State Police shifted to the General Fund from the Motor License Fund.

The Transportation Secretary said for the time being, he does not intend to ask Labor and Industry to re-examine prevailing wage, specifically removing paving projects from prevailing wage requirements, due to the controversial nature of tying this issue to a transportation funding package. Currently, other maintenance projects are exempt from prevailing wage, but paving is not.

### **Governor Signs Repeal of Joint and Several Liability**

Governor Tom Corbett signed into law the first of several bills this month that have been top priorities for legislative Republicans the last few years, and on which Corbett ran in the 2010 election. Departing from the tradition of bill signings in the Governor's Reception room, and surrounded by nearly 100 legislators and representatives of supporting business, health care and insurance groups in the Capitol Rotunda, Corbett signed **Senate Bill 1131**, which changes Pennsylvania's current policy of joint and several liability. SB 1131 levels the playing field by disallowing joint liability in cases where a defendant is less than 60 percent legally responsible. Under the new law, defendants could still be held fully responsible, regardless of the percentage of their legally assessed responsibility if they intended to misrepresent or break the law, or if they released a hazardous substance, or if they violated the state liquor code. "The 'Fair Share Act' is a key component in addressing one of the most important issues to Pennsylvania – jobs," Corbett said, before signing the bill.

## Legislative Activity

### **BUDGET**

[HB 1485](#) RE: General Appropriation Act of 2011 (by Rep. Bill Adolph, et al)

Provides from the General Fund for the expenses of the Executive, Legislative and Judicial Departments of the Commonwealth, the public debt and the public schools for the fiscal year July 1, 2011, to June 30, 2012, for certain institutions and organizations, and for the payment of bills incurred and remaining unpaid at the close of the fiscal year ending June 30, 2011; to provide appropriations from the State Lottery Fund, the Energy Conservation and Assistance Fund, the Aviation Restricted Revenue Account, the Hazardous Material Response Fund, The State Stores Fund, the Milk Marketing Fund, the Home Investment Trust Fund, the Emergency Medical Services Operating Fund, the Tuition Payment Fund, the Banking Department Fund, the Firearm Records Check Fund, the Ben Franklin Technology Development Authority Fund and the Oil and Gas Lease Fund to the Executive Department; to provide appropriations from the Judicial Computer System Augmentation Account to the Judicial Department for the fiscal year July 1, 2011, to June 30, 2012; to provide appropriations from the Motor License Fund for the fiscal year July 1, 2011, to June 30, 2012, for the proper operation of the several departments of the Commonwealth and the Pennsylvania State Police authorized to spend Motor License Fund moneys; to provide for the appropriation of Federal funds to the Executive Department of the Commonwealth and for the payment of bills remaining unpaid at the close of the fiscal year ending June 30, 2011; and to provide for the additional appropriation of Federal and State funds from the General Fund for the Executive Department of the Commonwealth for the fiscal year July 1, 2010, to June 30, 2011, and for the payment of bills incurred and remaining unpaid at the close of the fiscal year ending June 30, 2010.

**Reported as committed from Senate Appropriations Committee, and read first time, 6/14/2011**

**Read second time, 6/15/2011**

**Rereferred to Senate Appropriations Committee, 6/22/2011**

**Reported as amended from Senate Appropriations 6/27/2011**

**Read third time and passed Senate, 6-/8/2011 (30-20)**

**Received as amended in House, rereferred to House Rules Committee, re-reported on concurrence as committed from House Rules Committee, and House concurred in Senate amendments 6/29/2011 (109-92)**

**Approved by the Governor 6/30/2011 Act No. 1A of 2011**

### **TAXES**

[SB 330](#) RE: Taxpayer Relief Act Back End Referendum Exemptions (by Sen. Joe Scarnati, et al)

Amends the Taxpayer Relief Act to require the school directors in school districts of the second, third, and fourth classes to adopt a resolution allowing the payment of property taxes by small businesses to be made in installments.

This does not include the payment of interim or delinquent taxes. A small business is defined as a business located in this commonwealth with fewer than 50 employees. Provides any property tax increase for school districts over the rate

of inflation must be submitted for voter approval. Exceptions to this requirement are tax increases to pay for the costs associated with special education and payment of certain electoral debt only the amount to pay for the amount not covered by the increase allowed for in the index. Department approval is required for the exception to referendum.  
**Reported as committed from House Finance Committee, read first time, laid on the table, and Removed from the table, 6/28/2011**  
**Amended on House floor with Grove amendment, and rereferred to House Appropriations Committee, 6/29/2011**  
**Reported as committed from House Appropriations Committee, read third time, 24 hour Rule Suspended, and passed House, 6/30/2011 (109-86)**  
**Received as amended in Senate and rereferred Senate Rules and Executive Nominations Committee, Re-reported on concurrence as committed Senate Rules and Executive Nominations Committee, and Senate concurred in House amendments, 6/30/2011 (32-17)**  
**Signed in the Senate and House, 6/30/2011**  
**Approved by the Governor, 6/30/2011. Act No. 25 of 2011**

## **TORT REFORM**

[SB 1131](#) RE: Fair Share Act (Sponsor withdrew)

Amends Title 42 (Judiciary and Judicial Procedure), in general provisions relating to civil actions and proceedings, to provide (with exception) for proportional liability. Exceptions include intentional misrepresentation, an intentional tort, where a defendant is at least 60 percent liable, a violation of section 702 of the Hazardous Sites Cleanup Act, and a violation of section 497 of the Liquor Code. Defendants found jointly and severally liable may seek contributions from defendants not paying their fair share and pursuant to a contractual agreement. Proportion of liability shall be determined by the trier of fact and shall not be admissible in any other proceeding or action for any purpose. Makes related repeals, further provides for definitions, and provides for a savings clause.

**Read second time and rereferred to House Appropriations Committee, 6/26/2011**

**Prime Sponsor Withdrew 6/27/2011**

**Reported as committed from House Appropriations Committee, read third time, and passed House, 6/27/2011 (116-83)**

**Signed in the House and Senate, 6/27/2011**

**Approved by the Governor, 6/28/2011 (Act: 17 of 2011 )**

## **PREVAILING WAGE**

[HB 1540](#) RE: Prevailing Wage Threshold (by Rep. Scott Perry, et al)

Amends the Pennsylvania Prevailing Wage Act raising the applicability threshold for "public work" to an estimated cost of \$500,000 on March 1 each year adjusted for changes in the Consumer Price Index.

**Introduced and referred to House Labor and Industry Committee, 5/12/2011**

[HB 1541](#) RE: Public Work Definition (by Rep. Scott Perry, et al)

Amends the Pennsylvania Prevailing Wage Act amending the definition of "public work" to require at least 51 percent of the monies be public funds.

**Introduced and referred to House Labor and Industry Committee, 5/12/2011**

[HB 1543](#) RE: Public Work Definition (by Rep. Duane Milne, et al)

Amends the Pennsylvania Prevailing Wage Act to exclude work on land held or owned by nonprofit historical organizations or land conservancies from the definition of "public work."

**Introduced and referred to House Labor and Industry Committee, 5/12/2011**

[HR 269](#) RE: 80th anniversary of the Davis-Bacon Act (by Rep. John Galloway, et al)

A Resolution marking the 80th anniversary of the passage and signing of the Davis-Bacon Act.

**Introduced and referred to House Labor and Industry Committee, 5/4/2011**

[HR 270](#) RE: Project Labor Agreements (by Rep. John Galloway, et al)

A Resolution offering support & recommendation of the House of Rep. for the use of project labor agreements for all publicly funded or guaranteed public works construction, alteration, renovation, demolition, excavating & paving projects in PA.

**Introduced and referred to House Labor and Industry Committee, 5/4/2011**

## **TRANSPORTATION**

[HB 1686](#) RE: Public Transportation Trust Fund (By Rep. Bob Godshall, et al)  
Amends Titles 74 (Transportation) and 75 (Vehicles), in sustainable mobility options, further providing for Public Transportation Trust Fund in relation to the Pennsylvania Turnpike and the deposit and distribution of funds in future years.

**Introduced and referred to House Transportation Committee, 6/17/2011**

[HB 1688](#) RE: Highway Capital Budget Project Itemization Act of 2011-2012 (By Rep. Mark Keller, et al)  
Provides for the highway capital budget project itemization for the fiscal year 2011-2012 to be financed from current revenue or by the incurring of debt.

**Introduced and referred to House Appropriations Committee, 6/17/2011**

[HB 1698](#) RE: Highway-Railroad and Highway Bridge Capital Budget Supplemental Act for 2011-2012 (by Rep. Doyle Heffley, et al)

Supplement to the Highway-Railroad and Highway Bridge Capital Budget Act for 1982-1983, adding the Highway-Railroad and Highway Bridge Capital Budget Supplemental Act for 2011-2012, which itemizes additional state and local bridge projects.

**Introduced and referred to House Transportation Committee, 6/20/2011**

## **EMPLOYEE VERIFICATION**

[HB 858](#) RE: Fair Employment Act (by Rep. Darryl Metcalfe, et al)

Requires all employers, including government entities, in the Commonwealth to enroll in the federal Employment Eligibility Verification Program (E-verify). It shall be unlawful for any employer to employ, or employer or business entity to permit the employment of, an unauthorized alien. Further provides as a condition for the award of any Commonwealth contract or grant to an employer for which the value of employment, labor or personal service shall exceed \$10,000, the employer shall provide written documentation affirming its enrollment and participation in the E-verify Program. Also provides compensation, whether in money or in kind or in services, provided to any unauthorized alien shall not be allowed as a business expense deduction from any Commonwealth income tax or business tax. Further provides for violations, enforcement and local ordinances.

**Reported from House Labor and Industry Committee with request to re-refer to House State Government Committee and rereferred to House State Government Committee, 6/14/2011**

[SB 637](#) RE: E-Verify (By Sen. Kim Ward, et al)

(PN 992) Amends Title 62 (Procurement), in contracts for public works, adding a subchapter requiring verification of the employment eligibility of all employees for purposes of wage reporting and employment eligibility in certain public works projects as a precondition of being awarded a contract. The bill prescribes penalties and establishes good faith immunity under certain circumstances. (Prior Printer Number: 645)

**Received in the House and referred to House Labor and Industry Committee, 6/2/2011**

[SB 552](#) RE: Industry Partnerships (By Sen. Mike Brubaker, et al)

Amends the Workforce Development Act adding a chapter providing for industry partnerships. The bill provides for the identification of industry clusters and targeted industry clusters and requires information to be published online annually by the Department of Labor and Industry along with a list of statewide and regional high-priority occupations which will guide workforce and educational investments by the department and participating agencies. The bill establishes a grant program to provide funding to industry partnerships. The grants could be used by industry partners to organize collaborative structures, identify training needs, facilitate economies of scale, and other such purposes. The bill provides for interdepartmental cooperation with the Departments of Agriculture, Community and Economic Development, Education, Corrections, and Public Welfare. The Department of Labor shall provide the necessary industry and labor market research to support and further develop the work of industry partnerships.

**Reported as amended from House Labor and Industry Committee, read first time, and laid on the table, 6/27/2011**

**Removed from the table, 6/28/2011**

**Read second time and Rereferred to House Appropriations Committee, 6/29/2011**

**Reported as committed from House Appropriations Committee, read third time and passed House, 6/30/2011 (197-0)**

**Received as amended in Senate and rereferred Senate Rules and Executive Nominations Committee, Re-reported on concurrence as committed from Senate Rules and Executive Nominations Committee, and Senate concurred in House amendments 6/30/2011 (50-0)**

**Signed in the Senate and House, 6/30/2011**

**In the Hands of the Governor. Last day for action 7/10/2011**

[SB 1152](#) RE: Pennsylvania First Program (by Sen. Jane Earll, et al)

Amends Title 12 (Commerce and Trade) repealing provisions relating to opportunity grants and adding a chapter providing for the establishment, administration and implementation of the Pennsylvania First Program to (1) Consolidate existing funding programs within the department into a comprehensive program; (2) Provide flexibility to respond rapidly and concisely to the needs of companies locating or expanding in Pennsylvania with competitive grants, guarantees and loans; (3) Provide for certain costs of job creation and retention, job training, infrastructure and work force development projects; (4) Increase investment in Pennsylvania and enable the Commonwealth to compete more effectively in both the local and global economies; and (5) Create and retain jobs in Pennsylvania. The program shall be administered by the department to provide financial assistance to applicants for projects that encourage job creation, job retention or job training through economic development within this Commonwealth. An applicant may submit an application to the department requesting financial assistance for a project. The application shall be on the form required by the department and shall include certain outlined information. The department shall review the application and monitor the applicant's compliance with the program. Recipients of assistance shall submit an annual report and the department shall report annually to the General Assembly. Financial assistance for each project shall be leveraged by a minimum \$4 of non-state matching funds per dollar of the total financial assistance approved. Financial assistance provided shall be leveraged by \$10 of non-state matching funds per dollar of the financial assistance to be measured at the end of each fiscal year. The department shall establish at the beginning of each fiscal year a reserve, which may not exceed 25% of the funds appropriated to the department for the program, for financial assistance to applicants that own or operate small businesses.

**Introduced and referred to Senate Community, Economic & Recreational Development Committee, 6/16/2011**

## **SEWER AND WATERLINE**

[HB 1556](#) RE: Sewer lines (By Rep. Harry Readshaw, et al)

Amends the Pennsylvania Infrastructure Investment Authority Act defining "private lateral sewer line" as a private sewer line serving a structure or dwelling, running from the structure or dwelling to a public sewer line. Private lateral sewer lines are added to the definition of "project". The legislation authorizes governmental units to use financial assistance received under this act for the improvement, extension, repair or rehabilitation of private lateral sewer lines connected to public sewer systems, where the government unit determines that such activities will benefit the public sewer system. No governmental unit which has completed such activities would be deemed to be the owner of such private lateral sewer lines, or to have any further responsibility to conduct such activities, unless a governmental unit makes an affirmative determination to accept such obligations.

**Introduced and referred to House Environmental Resources and Energy Committee, 5/18/2011**

[HB 1557](#) RE: Sewer lines (By Rep. Harry Readshaw, et al)

Amends the act entitled, "An act to provide for and regulate the accumulation, investment, and expenditure of funds by cities, boroughs, incorporated towns and townships for preparing plans for sewage disposal systems, and for the construction, improvement or replacement of sewage disposal systems for which plans have been approved by the Sanitary Water Board of the Commonwealth," defining "private lateral sewer line" as a private sewer line serving a structure or dwelling, running from the structure or dwelling to a public sewer line. The legislation authorizes municipalities and municipal authorities to use public funds for the improvement, extension, repair or rehabilitation of private lateral sewer lines connected to public sewer systems, where the municipality or municipal authority determines that such activities will benefit the public sewer system. No municipality or municipal authority which has completed such activities would be deemed to be the owner of such private lateral sewer lines, or to have any further responsibility to conduct such activities, unless a municipality or municipal authority makes an affirmative determination to accept such obligations.

**Introduced and referred to House Environmental Resources and Energy Committee, 5/18/2011**

[SB 308](#) RE: Sewage Disposal Systems (By Sen. John Pippy, et al)

Amends the act entitled "An act to provide for and regulate the accumulation, investment, and expenditure of funds by cities, boroughs, incorporated towns and townships for preparing plans for sewage disposal systems, and for the construction, improvement or replacement of sewage disposal systems for which plans have been approved by the Sanitary Water Board of the Commonwealth," further providing for definitions and allowing municipalities and municipal authorities to use public funds for the improvement, extension, repair or rehabilitation of private lateral sewer lines connected to public sewer systems; providing requirements and definitions.

**Reported as committed from Senate Environmental Resources and Energy Committee, and read first time, 5/3/2011**

**Rereferred to Senate Appropriations Committee, 5/24/2011**

[SB 1068](#) RE: Municipal Connection Funding Programs (by Sen. Lloyd Smucker, et al)

Amends the Pennsylvania Infrastructure Investment Authority Act establishing Municipal Connection Funding Programs for the purpose of authorizing financial assistance in the form of guaranteed low-interest loans to homeowners for tapping fees and eligible costs relating to the installation of a water or sewage lateral for homes constructed prior to the installation of a public water distribution system or a public sewage collection system servicing the property or relating to the replacement of water or sewage laterals to housing units as part of an upgrading or reconstruction of a public water distribution system or public sewage collection system. The bill also provides for the establishment of the Municipal Connection Funding Loan Guarantee Program, and sets out duties and responsibilities of the Authority relating to both programs.

**Introduced and referred to Senate Environmental Resources and Energy Committee, 5/12/2011**

## **UNEMPLOYMENT/WORKERS COMP**

[HB 808](#) RE: WC Benefits (By Rep. Dave Hickernell, et al)

Amends the Workers' Compensation Act, in liability and compensation, requiring an employee to see a physician for a period of 180 days following an initial visit (increased from 90).

**Laid on the table 6/8/2011**

[HB 916](#) RE: Unemployment Compensation (By Rep. Scott Perry, et al)

Amends Unemployment Compensation Law further providing for definition of "credit week" to include remuneration of not less than \$125 (increased from \$50) and deleting providing relating to the establishment and maintenance of employer's reserve accounts; providing for relief from charges by stating the department will relieve an employer of charges for compensation; further providing for qualifications required to secure compensation stating compensation would be payable to an individual who is making an active search for suitable employment or who earned wages for employment for ten separate weeks, for ineligibility for compensation and for rate and amount of compensation; providing for effect of severance pay on benefits by stating an employee who receives severance pay shall have the benefit year adjusted to start the date of expiration of the period when 50% of the severance pay ends; further providing for rules of procedure; and providing for applicability by stating rules established by the board shall permit either party to a hearing to testify via telephone, without regard to distance of hearing location from either party. According to Rep. Perry, the legislation proposes reforms to the current law including: 1) tightening financial eligibility requirements; 2) requiring active job search; 3) tightening eligibility for reapplication for benefits; 4) slowing the growth of maximum benefit rate; and 5) readjusting calculation of the benefit rate.

**Laid on the table, 6/8/2011**

[SB 1030](#) RE: Unemployment Comp Benefits (By Sen. John Gordner, et al)

Amends the Unemployment Compensation Law to provide circumstances under which an employer may be relieved of paying unemployment compensation benefits. The definition of "credit week" is changed to any week in which the employee is paid not less than \$100 (to expire December 31, 2014) and starting in 2015 the definition is 16 times the minimum hourly wage required by the Minimum Wage Act. The bill provides for weekly benefit computation and a formula is provided detailing the rate and amount of compensation. If an employees weekly benefit rate is less than \$70 they shall not receive compensation. The process and procedure of filing a request for relief of unemployment compensation benefits is provided. Such relief attaches to other applications for benefits unless terminated. Provides definitions.

**Reported as amended from House Labor and Industry committee, read first time, and laid on the table, 6/7/2011**

**Removed from the table, 6/8/2011**

**Amended on House floor and Rereferred to House Appropriations Committee, 6/16/2011**

**Reported as committed from House Appropriations Committee, amended on House floor, read third time and passed House, 6/16/2011 (194-0)**

**Received as amended in Senate and rereferred to Senate Rules and Executive Nominations Committee, Re-reported on concurrence as committed from Senate Rules and Executive Nominations Committee, and Senate concurred in House amendments (50-0)**

**Signed in the House and Senate, 6/17/2011**

**Approved by the Governor, 6/17/2011 (Act No. 6 of 2011 )**

## **MECHANICS LIEN**

[HB 1602](#) RE: Mechanics' Lien (by Rep. Tom Killion, et al)

Amends the Mechanics' Lien Law further providing for formal notice by subcontractor to the prothonotary of the Court of Common Pleas of the relevant jurisdiction as condition precedent to beginning construction. Notice must be given

within 15 days of commencement of the construction. Form of the notice is provided for and a model notice given. A petition for a claim from a lien for a construction project must be filed within four months after completion of the work.  
**Public hearing held in House Labor and Industry Committee 6/13/2011**

## Legislative Schedule

### 2011 SENATE SESSION SCHEDULE

The Senate is in recess until September 19.

### 2011 HOUSE SESSION SCHEDULE

The House is in recess until September 26.

The Fall Legislative Schedule has not been announced.

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

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