

## **CAWP**

### **Summary of Legislation**

### **February 2009**

#### **Post Stimulus Passage Scramble**

Pennsylvania roads and bridges are in line to receive more than \$1 billion dollars from the Federal Economic Stimulus package. The House Transportation committee held a couple of hearings on the Stimulus spending during February and the Appropriations committees are also examining its impact as part of the Commonwealth budget negotiations. How the funding will be distributed is of primary interest. Penn DOT Deputy Secretary for Planning, James Ritzman, testified that projects identified in the Transportation Improvement Plan (TIP) are targeted with some projects in the second, third and fourth years being moved up. But because of the requirement that much of the money must be spent within the next few months, a large portion of the dollars will go into repaving and maintenance. As a result, many critical projects that are not "shovel ready" won't directly benefit from the Federal Stimulus. The House Appropriations committee may hold another hearing with Penn DOT officials once more specifics and the distribution formula are decided.

Chairman of the House Transportation committee, Joe Markosek has publicly stated that "the stimulus really doesn't solve our long term transportation problem." Discussions about transportation revenue enhancement and resubmitting the I-80 tolling plan are already occurring. Markosek also expressed an interest in examining a funding approach that taxes drivers based on the number of miles they travel rather than how much fuel they buy. Oregon uses that system.

Markosek introduced House Resolution 19 that calls upon the Legislative Budget and Finance committee to study alternatives to the liquid fuels tax as a means to address Pennsylvania's transportation needs. There seems to be a general consensus that transportation infrastructure will need more help than just the stimulus, but consensus on a comprehensive solution remains elusive.

#### **Prevailing Wage Draws Fire**

As is typical of early legislative sessions, hundreds of bills are being introduced in the state legislature each week. It is also typical that the Prevailing Wage law is targeted by many of the bills, most often to narrow the scope of the law. Much of the antagonism towards prevailing wage appears to come from school districts and municipalities. The associations representing both groups advocate exempting them from the provisions of the law. In particular, local government associations have been promoting bills to reverse a court case that clarified that road milling projects are subject to prevailing wage. On the other front, the Pennsylvania School Boards Association recently issued a press release asking that school construction work be exempted from prevailing wage until projects funded through the federal economic stimulus package are completed.

The reaction in Harrisburg shows up in both subtle and overt ways. During public hearings, several Senators have grilled the Acting Secretary of the Department of Labor and Industry about prevailing wage enforcement. Senator Lisa Baker specifically mentioned receiving complaints from municipalities regarding the threshold at which point projects are covered by prevailing wage and the impact of the road milling decision on local government budgets. Representative Ron Marsico will be introducing legislation that would exempt all municipalities and some economic development projects if enacted. Representative Chris Ross has introduced House Bill 503 that exempts school districts from the Prevailing Wage Act. Many more such bills are on the horizon.

While none of the anti-prevailing wage bills are expected to pass, some of them may clear committee, most likely in the Senate. Of greater concern are attempts to include anti-prevailing wage proposals to the state budget. Our lobbyists will continue to work to preserve the integrity of the prevailing wage law from all of these attacks.

On a positive note, Representative Nick Miccarelli, introduce a bill, House Bill 499, that would allow a worker to initiate a complaint under the prevailing wage law protesting the use of illegal alien labor on a covered project. That bill along with the others mentioned is referred to the House Labor Relations committee.

## **Bill Proposes to Tax Services**

Even with help coming from the Federal Stimulus bill, the Commonwealth budget is still expected to be torturous process that attempts to balance spending cuts and tax income enhancement. While many legislators have already professed that they will not support new taxes, the viability of that remains to be seen. One Senator has already introduced legislation to place the state sales tax on services. Senator Jeff Piccola has introduced **Senate Bill 70**, a bill that expands the sales tax to virtually every service except medical services.

The idea of taxing services is not a new issue. A small number of services have been taxed dating back to the 1991 budget. At that time, design, construction and construction management services escaped being subjected to the sales tax even though they had been included in earlier versions of the proposal. Design and construction interest need to pay close attention to the budget process this year or they may be in for an unhappy surprise.

## **Legislative Activity**

**H Res. 19 RE:** Liquid Fuels Tax Alternatives (by Rep. Joe Markosek, et al)

A Concurrent Resolution directing the Legislative Budget and Finance Committee to study alternatives to the liquid fuels tax for purposes of funding the Commonwealth's transportation infrastructure and to report its findings to the General Assembly.

**Referred to House Transportation Committee, 1/26/2009**

**Reported as committed from House Transportation Committee, 1/27/2009**

**Rereferred to House Rules Committee, 2/3/2009**

**S Res. 21 RE:** Buy American and Domestic Content clauses (by Sen. Sean Logan, et al)

A Resolution memorializing the President of the United States and the Congress of the United States to ensure the incorporation of Federal and State Buy American and Domestic Content clauses in any publicly funded economic stimulus programs to maintain and expand our nation's aging infrastructure, particularly in Pennsylvania where manufacturing is a key driver to the Commonwealth's economy.

**Referred to Senate Rules and Executive Nominations Committee, 2/6/2009**

**Reported as committed from Senate Rules and Executive Nominations Committee, 2/9/2009**

## **New Bills Introduced**

**The following bills have been introduced since the last report.**

**HB 148 RE:** Drainage Structures (by Rep. Tim Solobay, et al)

Amends the State Highway Law providing for partial obligation of State for drainage structures by adding that the Commonwealth, through the department, would share equally with any borough or town the cost and obligation to maintain, construct or reconstruct drainage structures with a total spanned length not exceeding ten feet, measured along the center line of the street.

**Referred to House Transportation Committee, 1/30/2009**

**HB 230 RE:** WC "Hybrid Policies" (by Rep. Tina Pickett, et al)

Amends Workers' Compensation Act, in State Workers' Insurance Fund, requiring the fund to provide a hybrid policy for certain business entities. "Hybrid policy" is defined as an insurance policy for business entities that includes workers' compensation coverage and health benefits. The Departments of Labor and Industry and Insurance would promulgate rules and regulations and develop a mechanism for joint oversight of the health insurance component of the hybrid policy. The fund shall underwrite applications, evaluate claims and establish a commission schedule for insurance producers. The fund shall report annually the numbers of hybrid policies sold in PA.

**Referred to House Insurance Committee, 2/4/2009**

**HB 439 RE:** Procurement Code Restrictions (by Rep. Scott Petri, et al)

Amends Title 62 (Procurement) prohibiting Commonwealth agencies from awarding contracts to bidders engaged in outsourcing of jobs or functions.

**Referred to House State Government Committee, 2/13/2009**

**HB 440** RE: Procurement Code Restrictions (by Rep. Scott Petri, et al)  
Amends Title 62 (Procurement) prohibiting Commonwealth agencies from awarding contracts to bidders engaged in outsourcing of jobs or functions.  
**Referred to House State Government Committee, 2/13/2009**

**HB 441** RE: Procurement Code Restrictions (by Rep. Scott Petri, et al)  
Amends Title 62 (Procurement) prohibiting Commonwealth agencies from awarding contracts to bidders engaged in outsourcing of jobs or functions.  
**Referred to House State Government Committee, 2/13/2009**

**HB 456** RE: Road Construction (by Rep. Louise W. Bishop, et al)  
Amends act relating to the laying out, opening, widening, straightening, extending or vacating streets & alleys, & construction of bridges in the several municipalities, etc. further providing for powers of municipal corporations.  
**Referred to House Local Government Committee, 2/13/2009**

**HB 499** RE: Prevailing Wage Act re: Immigrant Labor (by Rep. Nick Miccarelli, et al)  
Amends the Pennsylvania Prevailing Wage Act further providing for posting of rates, for remedies and penalties and for failure to comply and termination. The legislation adds language providing for the report and investigation of the use of illegal immigrant labor.  
**Referred to House Labor Relations Committee, 2/18/2009**

**HB 503** RE: Prevailing Wage (by Rep. Chris Ross, et al)  
Amends the Pennsylvania Prevailing Wage Act further providing for definitions; and providing for school district options. The definition of the term "public body" would include any political subdivision except a school district or an authority, agency or instrumentality established by one or more school districts. The bill would also provide for school district option to be a public body.  
**Referred to House Labor Relations Committee, 2/18/2009**

**HB 516** RE: Construction Safety Training (by Rep. Tim Seip, et al)  
Amends Title 62 (Procurement) providing for construction safety and health training, requiring all contracts entered into by a government agency in excess of \$250,000 contain a clause requiring all laborers, workers and mechanics be certified prior to performing any work on the project as having successfully completed a 10 hour or longer course in construction safety and health approved by the United States Department of Labor's Occupational Safety and Health Administration.  
**Referred to House Labor Relations Committee, 2/18/2009**

#### **Remaining Spring 2009 Session Schedules**

#### **SENATE SESSION SCHEDULE FOR MARCH – JUNE 2009**

**March** 9, 10, 11, 16, 17, 18, 23, 24, 25, 30, 31

**April** 1, 20, 21, 22, 27, 28, 29

**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 MARCH – JUNE 2009**

**March** 9, 10, 11, 16, 17, 18, 23, 24, 25, 30, 31

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*Copies of all bills of interest can be accessed via the Internet at:*  
<http://www.legis.state.pa.us/WU01/LI/BI/billroom.htm>.