

# Senate News Brief

## from Senate Republicans

*"I never thought the tax increases of 1991 could look conservative. The governor has a lot of initiatives, and that's all well and good, but I don't think the taxpayers can afford to pay for all of them. We're going to have to have long talks and negotiations to bring some fiscal responsibility to the plan."*

– **Sen. Jake Corman (R-Centre)** on Gov. Rendell's \$27.2 billion budget proposal for 2007-08, which includes \$2.5 billion in tax increases.

### Preview

#### SENATE AGENDA INCLUDES EMS TAX REFORM, VOLUNTEER FIREFIGHTER AID

LEGISLATION REFORMING THE SO-CALLED EMS TAX could be considered on the Senate floor next week. Senate Bill 218, sponsored by **Sen. Pat Browne (R-Lehigh)**, would require municipalities to collect the tax spread out over an entire year, rather than a single lump-sum payment, and it would rename the EMS Tax to the more accurate "Local Services Tax." (Please see *Review* below.)

The Senate could also consider Senate Bill 10, sponsored by **Sen. Bob Regola (R-Westmoreland)**, which would reauthorize a state grant program that provides financial support for volunteer firefighters and ambulance services.

#### SENATE BUDGET HEARINGS TO BEGIN FEB. 26

THE SENATE APPROPRIATIONS COMMITTEE, chaired by **Sen. Gib Armstrong (R-Lancaster)**, will kick off two weeks of public hearings on Gov. Rendell's proposed state budget on February 26.

Committee members will question Administration officials on funding requests, as well as the governor's call for \$2.5 billion in new taxes. Video and audio highlights of the hearings will be posted on [www.pasenategop.com](http://www.pasenategop.com).

### Review

#### GOV. RENDELL CALLS FOR \$2.5 BILLION IN NEW, EXPANDED TAXES

THE GENERAL ASSEMBLY received Gov. Ed Rendell's proposed 2007-08 state budget on Tuesday. The \$27.2 billion plan includes more than \$2.5 billion in increased taxes.

The proposed budget includes nearly \$1 billion in new spending, which represents a 3.6 percent increase over the general fund budget for 2006-07. It also attempts to mask a large funding gap created by the Administration's four previous budgets. Estimates put the size of the gap at nearly \$2 billion. [For reaction from Senate Republicans and a tally of the governor's proposed tax hikes, please see \*In the Spotlight\* and \*Fast Facts\*, below.](#)

#### SENATE GOP: CUT LEGISLATIVE SURPLUS, DIRECT FUNDS TO PROPERTY TAX RELIEF

SENATE REPUBLICANS announced a plan Monday to slash legislative reserves by at least \$75 million.

Under legislation to be introduced by **Senate President Pro Tempore Joe Scarnati (R-Jefferson)**, **Senate Majority Leader Dominic Pileggi (R-Delaware)**, and **Appropriations Chairman Sen. Gib Armstrong (R-Lancaster)**, the savings would be used to bolster the Property Tax Relief Fund.

A recent audit of legislative accounts found that, as of June 30, 2006, legislative reserves had grown to about \$215 million. Senate Republicans also called for more thorough audits of legislative accounts going forward.

The announcement is the latest in a broad range of legislative reforms championed by Senate Republicans in recent months, including making more legislative information available to the public via the Internet and expanding the state's Open Records law.

#### REFORM OF EMS TAX MOVES CLOSER TO SENATE VOTE

LEGISLATION SPONSORED BY **SEN. PAT BROWNE (R-LEHIGH)** to fix significant problems with the Emergency Municipal Services Tax moved closer to a Senate vote with committee approval this week.

The Senate Appropriations Committee, chaired by **Sen. Gib Armstrong (R-Lancaster)**, approved Senate Bill 218 on Monday. The measure would end the lump-sum maximum payment of \$52, exempt low-income workers and set specific restrictions on how taxing entities may use revenues raised by the levy.

Senate Bill 218 would require that the tax, which would be renamed the "Local Services Tax," be withheld on a per-pay period basis with a maximum deduction of \$1 per week. It also exempts those earning \$12,000 or less per year from the tax. Senate Bill 218 is expected to be voted on by the full Senate next week.

## COMMITTEE QUESTIONS PUC ON ELECTRIC RATE CAPS, COMPETITION

THE SENATE CONSUMER PROTECTION AND PROFESSIONAL LICENSURE COMMITTEE, chaired by **Sen. Tommy Tomlinson (R-Bucks)**, held a public hearing Wednesday on electricity competition in Pennsylvania and the removal of rate caps.

The General Assembly enacted the Electric Generation Customer Choice and Competition Act in 1996, allowing consumers to choose their electric suppliers. The law included rate caps, which have begun to expire. The committee heard testimony from members of the Public Utility Commission on what can be done to protect consumers as rate caps are lifted. The commissioners noted that, thus far, Pennsylvania has not experienced significant spikes, except in Pike County.

## In the Spotlight

SENATE REPUBLICAN LEADERS respond to Gov. Rendell's 2007-08 budget proposal:

**Senate President Pro Tempore Joe Scarnati (R-Jefferson)** – *"There seems to be a significant amount of tax increases in this proposal that will dramatically impact citizens and businesses alike. I have stated time and time again that we must be fiscally responsible as we head into this difficult budget cycle. At this point, we must fully examine the proposed budget and move in a direction that is sensible for all Pennsylvanians. I realize this is just a beginning and look forward to working with the governor to bring about a sound, conservative, final budget."*

**Senate Majority Leader Dominic Pileggi (R-Delaware)** – *"We share the governor's goals of affordable health care, addressing transportation needs and energy independence. But the costs are stunning. Can we afford these proposals? Over the coming months, we will use committee hearings to thoroughly examine them so the public can fully understand the pros and the cons."*

**Senate Appropriations Committee Chairman Gib Armstrong (R-Lancaster)** – *"With public opinion strongly against tax hikes of any kind for any reason, it is surprising to see a plan offered that contains seven tax hikes, adding up to \$2.5 billion. It is difficult to see a lot of legislative support for the extensive and expensive tax hikes the governor is proposing. There is a chart in my office that shows the word 'NO' in fifty different languages. We may have to use every variation before this budget process is over."*

## Fast Facts

### GOV. RENDELL PROPOSES \$2.5 BILLION IN TAX INCREASES

- An increase in Pennsylvania's *sales tax*, from 6 percent to 7 percent statewide. Philadelphia and Pittsburgh would see an increase from 7 percent to 8 percent. The sales tax increase would cost Pennsylvania consumers an additional \$1.24 billion in 2007-08.
- A new mass *transit/oil tax* is expected to cost fuel producers \$760 million, a charge that would be borne by consumers on heating oil bills and at the gas pump.
- A *payroll tax* would cost businesses \$121 million in the first year – and it would mushroom to \$1.9 billion after just four years.
- An *energy use tax*, based on electric usage, will cost consumers \$75 million.
- A \$2.75 per-ton municipal *waste disposal fee* could cost households an additional \$61.4 million.
- An additional 10 cents-per pack *tax on cigarettes* is projected to cost smokers \$61 million annually.
- New taxes on smokeless *tobacco*, loose tobacco, and cigars would cost consumers \$30.3 million annually.

*Question or comments? Contact the Senate Republican Communications Office at [senaterepublicancommunicationsoffice@pasen.gov](mailto:senaterepublicancommunicationsoffice@pasen.gov) or call 717-787-6725. Current and archived News Briefs are also available online at [www.pasenategop.com](http://www.pasenategop.com).*