

**AG ONE Newsletter**  
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*AG ONE is a periodic newsletter on legislation, regulations and agricultural topics produced by Phillips Associates expressly for the Pennsylvania State Council of Farm Organizations (PSCFO), an organization of over 60 organizations sharing an interest in promoting Pennsylvania's Number One industry, Agriculture. Questions or comments should go to PSCFO leadership or to 717/232-9665 or email to [xenobun@aol.com](mailto:xenobun@aol.com). AG ONE Newsletter, PA State Council of Farm Organizations, 26 North Ninth Street, Lemoyne, PA 17043. Material may be cited as long as PSCFO is given appropriate credit.*

Dear Reader:

The next meeting of the PSCFO Board and Council are November 20 in room 309 at the PA Department of Agriculture Building. Board meeting goes from 10:00 a.m. to 12 noon. The Council meets from 1:00 – 3:00 p.m. In addition to the State Budget and various pieces of legislation such as the proposal to move DEP permitting affecting farms to the State Conservation Commission, there will also be attention paid to transportation issues affecting PA commercial transport. I hope to see you there. Sincerely, *Vince Phillips*

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**SPECIAL BUDGET UPDATE**

**On Tuesday October 17, the PA House of Representatives passed House Bill 542, the latest incarnation of a revenue plan to match the State Budget spending plan passed last summer. The vote was 102 – 88 with significant crossovers. 46 Republican Representatives voted no to Republican leadership-endorsed HB 542 while 32 Democrats including Democratic leadership voted to support the bill.**

Now, of course, it is up to the Senate to concur. Previously, the Senate voted for Marcellus Shale taxes which the House did not accept. The House countered with a revenue bill that went after special dedicated funds such as a fund used to cover Insurance Department general government operations, monies dedicated to conservation, districts, etc. The Senate disagreed so this House vote on HB 542 was its response to the Senate rejection. The Senate is expected to vote next week. If the Senate agrees, HB 542 will go to Governor Wolf.

**Following are a number of provisions in HB 542 that might be of interest.**

- **Borrowing from future revenues from the Tobacco Master Settlement Agreement** is expected to generate \$1.5 billion. It will be repaid over the next 30 years.

**Background:** The Tobacco Settlement was the result of lawsuits against tobacco companies which resulted in a settlement where tobacco companies would not have to fight off many individual lawsuits but would instead pay states certain amounts each year. Pennsylvania uses that money to fund medical research, smoking cessation, uncompensated care from hospitals, specialized state health programs, etc.

- **Expansions of the Sales Tax**
  - “Remote sellers” = \$10 million in this fiscal year and \$50 million thereafter
- **Exemption from the Sales Tax:** Beer kegs

- **Personal Income Tax (PIT) Expansion** = \$20 million
  - Those making rent or royalty payments to out of state entities exceeding \$5,000 must withhold the PIT.
  - Out of state independent contractors coming into PA for work receiving over \$5,000 will see PIT withheld from their compensation.
- **Personal Income Tax**
  - Deductions for contributions to ABLE (disabled account similar to IRA) allowed
  - Makes permanent check-offs for Wildlife Resource Confirmation Fund, Organ Donation Awareness Fund, American Red Cross, Military & Family Relief Assistance Fund, Children's Trust Fund
- **New Taxes**
  - Carsharing Fee depending on distance from 25 cents to \$2.00. Monies go into a dedicated account, the Public Transportation Assistance Fund. *Carsharing is defined as membership providing an alternative to a privately-owned vehicle where the rental is not trip-specific written agreement, no attendant is present when the car is used, and with access to shared vehicles 24 hours a day, fees can be based on time or distance.*
  - **Fireworks:** 12% tax on consumer fireworks
  - Annual license fees paid by fireworks sellers for permanent structures facilities range from \$7,500 to \$20,000 depending on square footage.
  - Annual license fees for temporary (seasonal) fireworks facilities are \$3,000.
- **Miscellaneous:** Anticipated revenue is \$20 million/year.
  - Taxpayer period to file petition for reassessment shrinks from 90 to 60 days.
  - Period where a taxpayer appeals a Board of Appeals tax decision to the Board of Finance Revenue decreases from 90 to 60 days.

Those interested in how Representatives voted may go to

[http://www.legis.state.pa.us/CFDOCS/Legis/RC/Public/rc\\_view\\_action2.cfm?sess\\_yr=2017&sess\\_ind=0&rc\\_body=H&rc\\_nbr=768](http://www.legis.state.pa.us/CFDOCS/Legis/RC/Public/rc_view_action2.cfm?sess_yr=2017&sess_ind=0&rc_body=H&rc_nbr=768)

#### OTHER LEGISLATIVE UPDATES

- No funding yet for **Penn State College of Agricultural Sciences and the University of Pennsylvania School of Veterinary Medicine**. A joint hearing will be held by the Senate Agriculture & Rural Affairs, Senate Education, and Senate Appropriations Committees October 25 on funding for Penn State College of Agricultural Sciences and the University of Pennsylvania School of Veterinary Medicine.
- The House adopted **House Resolution 515** (Fritz-R-Susquehanna) on October 17 putting the House on record as opposing a September 13 decision by the Delaware River Basin Commission to move a Rule forward to ban fracking in most of northeast PA. The Commission vote was 3-1 with one abstention. PA Governor Wolf voted with the Governors of New York and Delaware for the anti-fracking Rule. The House vote does not legally prevent the Delaware River Basin Commission from moving ahead with the Rule review process.
- **House Bill 790** (Pashinski-D-Luzerne) passed the Senate 49-0 on October 18 and was referred to the House Rules Committee. The House now must consider amendments made to the bill in the Senate.