

# 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:**

Now the State Budget for FY 2018-19 gauntlet really begins. However, there are some current fiscal year issues that continue to be in play. One is the Wolf Administration's "lease-lease-back" arrangement which was in effect an equity loan on the Farm Show Complex where the Budget Secretary took heat from House Appropriations Committee members. Another spillover question is the use of dedicated fund monies to balance the State Budget as was the case this year. Again, same question. Will that be standard procedure from now on? Regards, *Vince Phillips*

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**BUDGET PROCEEDS TO NEXT STAGE**

Now that the State Budget hearings have concluded, the next step is initial consideration of a budgetary spending document. Right now, the vehicle that will be considered by the House initially is House Bill 2121 (Saylor-R-York) which was reported out by the House Appropriations Committee yesterday, March 12. Following is a link to the text of the 186-page bill:

<http://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2017&sessInd=0&billBody=H&billTyp=B&billNbr=2121&pn=3056> As far as the PA Department Budget, there are changes between what Governor Wolf proposed and House Bill 2121.

<b>Line Item</b>	<b>Governor Wolf</b>	<b>House Bill 2121</b>
PDA General Government Operations <i>Includes Spotted Lanternfly \$1.6 million</i>	\$33.407 million	\$31.110 million
Fruit & Vegetable Inspection and Grading	\$460,000	NA
Conservation District Grants	\$2.877 million	\$3.375 million
Centers for Agricultural Excellence	0	\$1.331 million
Ag Research (not Penn State)	0	\$1.687 million
Ag Promotion, Education, Exports	0	\$303,000
Hardwoods Research & Promotion	0	\$424,000
Open Livestock Show	0	\$215,000
Open Dairy Show	0	\$215,000
Food Marketing	0	\$494,000
Penn State Extension & Research	\$52.313 million	same
PA Preferred	\$605,500	\$600,000
Youth Shows	\$169,000	\$169,000
Nutrient Management	\$2.714 million	same
Dirt/Gravel Roads	\$28.0 million	same
State Food Purchases <i>Includes \$1.0 million for PASS (Food Banks)</i>	\$19.188 million	same
Farmers Market Coupons	\$2.079 million	same
Fairs (Race Horse Development Fund)	\$4.0 million	same

The process is shaping up to be smoother than in each of Governor Wolf's previous State Budget proposals since, with the exception of a tax on natural gas (severance tax), there are no major taxes being proposed. **NOTE: HB 2121 is a spending bill. Tax increases would come from revenue bills.** Something else that may reduce tension in Harrisburg is continued growth in PA tax revenues for this fiscal year. If PA has a surplus or breaks even, it could dampen fears of another billion-dollar deficit for the next fiscal year beginning July 1. According to the PA Revenue Department, February revenues exceeded estimates by \$406.3 million. Above prediction areas were Sales Tax, Personal Income Tax (PIT), and Inheritance Tax. Coming in lower than expected were Real Estate Transfer Tax and Corporate Income Tax. What makes the numbers look so good however is a transfusion from the Tobacco Settlement "advance" on future monies coming into the state. Right now, revenues for this fiscal year stand at \$20.9 billion, or \$496 million (2.4%) above projections.

A separate issue is Governor Wolf's reintroduction of a proposal to charge \$25 per head for communities that rely on law enforcement from the State Police rather than their own police.

There is no line item per se in either the Governor's proposed State Budget or HB 2121 for Broadband access for rural areas.

#### **BUDGET (FARM SHOW LOAN) COMMENT**

Rep. Dawn Keefer (R-York/Cumberland) issued the following in her re-cap of Budget Secretary Randy Albright's hearing before the House Appropriations Committee March 8:

*Thursday's hearing was with Secretary Randy Albright from the Office of the Budget. Several members questioned the Governor's unilateral decision on a financing agreement. The agreement originally involved the Pennsylvania Farm Show Complex but it is no longer included in the signed loan agreement. Albright described the agreement as a straight-up borrowing plan. Under the agreement, the Commonwealth received \$200 million for its General Fund but will pay back \$391.5 million over 29 years. Apart from being a bad deal for taxpayers, the Governor sidestepped the Legislature in making this decision. The General Assembly should have been not only involved in the decision-making process, but should have had the final say in the matter. Now future generations are on the hook for \$191.5 million in interest payments, about \$6.6 million a year, for the next nearly three decades.*

#### **UPCOMING**

- On April 5, the Center for Rural PA is holding a hearing in Wellsboro on Rural Broadband Access. Information on this hearing is not yet available on the Center's web site. <http://www.rural.palegislature.us/events.html>
- On March 21, the Senate Game & Fisheries Commission has scheduled a hearing on the annual reports of the PA Game Commission and the PA Fish & Boat Commission.
- The House Game & Fisheries Committee is holding an informational meeting on the Fish & Boat Commission's Annual Report March 27. The following day, the committee has an informational meeting on the Annual Report of the PA Game Commission.
- The March 14 hearing by the House Consumer Affairs Committee on House Bill 1620 (Broadband access) is cancelled and is not yet re-scheduled.