



# Pennsylvania Senate Appropriations Committee

**Senator Pat Browne**  
Chairman



July 2018

## Monthly Report

### Fiscal Year 2018-19 Budget Earliest Since 2001

The Fiscal Year 2018-19 budget was signed into law by Governor Wolf on June 22, 2018, which is the earliest point in the year a budget has been enacted in 18 years. In addition to being on time, the FY 2018-19 budget places the Commonwealth on stronger financial footing than at any time since the Great Recession of 2008. Significantly, the FY 2018-19 budget is balanced without the need for tax increases. The ability to balance the budget without new taxes is accomplished through controlled spending, which increases by only 1.7% over the prior year – well below the rate of inflation and well within the limits of the Taxpayer Bill of Rights (TABOR).

The fiscal discipline evident in the FY 2018-19 budget is carefully executed in order to provide increased investments in key areas that are vitally important for continued growth and opportunity throughout the Commonwealth. Although overall spending is restrained, the FY 2018-19 budget contains strategic investments in these and other areas:

- Education
  - ⇒ Basic Education (K-12) receives a \$100 million increase.
  - ⇒ Pre-K Counts and Head Start are increased by \$25 million.
  - ⇒ Special Education receives a \$15 million increase.
  - ⇒ An additional \$30 million is committed for career and technical education programs to help prepare students and workers to succeed in the workforce.
  - ⇒ Educational Improvement Tax Credits see a \$25 million increase.
- School Safety
  - ⇒ The budget makes a historic investment in school safety with more than \$60 million in new funding for school resource officers, security equipment and other proven methods of preventing school violence.
  - ⇒ The additional funding for school safety grants will allow each school district to evaluate its needs and vulnerabilities and apply for funding to shore up any weaknesses that exist. ~Continued on Page 2~

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## Fiscal Year 2018-19 Budget Earliest Since 2001 continued..

- Higher Education

- ⇒ Funding for the State System of Higher Education increases by 3.3%.
- ⇒ State-related universities receive a 3% increase.
- ⇒ Funding for community colleges is increased by 3%.

- Human Services

- ⇒ Funding is provided to serve an additional 1,725 persons with intellectual disabilities.
- ⇒ Funding to provide child care services to an additional 1,600 children is included.
- ⇒ An additional 5,230 seniors and persons with physical disabilities will receive home and community-based services.
- ⇒ Funding is provided for evidence-based home visit services for 800 families impacted by the opioid epidemic.

- Agriculture

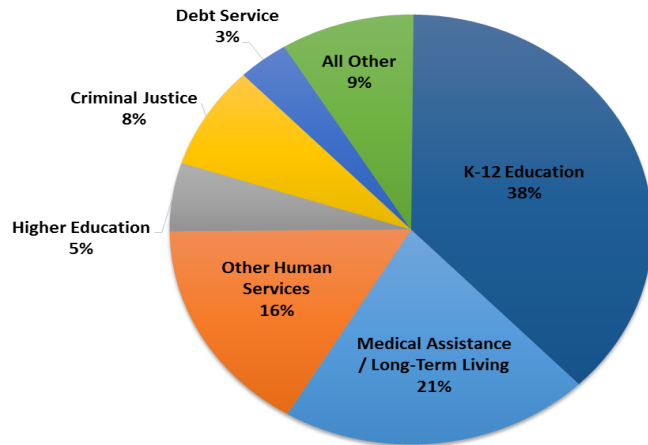
- ⇒ \$5 million is available for research and development, organic transition, value-added processing and marketing grants in support of Pennsylvania's dairy industry.
- ⇒ Funding is restored for important programs such as Agriculture Excellence, Agricultural Research, Hardwoods Research and Promotion, and Food Marketing and Research.
- ⇒ \$3 million is approved to combat the invasive pest the Spotted Lanternfly, increasing funding for that initiative by \$1.4 million above the Governor's request.
- ⇒ In total, programs under the Department of Agriculture will receive \$10 million more than the Governor's original request.

- Community and Economic Development

- ⇒ The budget not only restored Governor Wolf's proposed \$8 million cut to tourism marketing, but actually increased funding by nearly \$5 million over the previous year's total.
- ⇒ The Governor proposed to cut funding to the Department of Community and Economic Development by nearly \$22 million. Instead, funding for these job creation and community improvement programs increased by more than \$11 million.

### General Fund Spending

(amounts in thousands)



### Senate Bill 1056 Becomes Law – Businesses Once Again Welcome to Invest in PA

Senator Brooks' Senate Bill 1056 was recently enacted as Act 72 of 2018. The landmark legislation ensures that businesses can invest and grow in Pennsylvania by providing a traditional cost recovery mechanism for assets placed in service in the state. Prior to enactment, *Corporation Tax Bulletin 2017-2* prohibited all depreciation of assets for which federal bonus depreciation is claimed until the assets were sold or disposed of.

## Spotted Lanternfly



In 2014, the Pennsylvania Department of Agriculture confirmed the presence of the Spotted Lanternfly in Berks County, the first detection of this non-native species in the United States.

The Spotted Lanternfly which is native to China, India and Vietnam was introduced to South Korea in 2004 and has caused significant damage to fruit crops and hardwoods in that country. In Pennsylvania, the Spotted Lanternfly is a serious threat to the grape, apple, peach, hops and hardwood industries that together account for approximately \$18 billion in annual sales.

Upon determining that the potential impact to our agricultural resources could be significant, the Pennsylvania Department of Agriculture issued a quarantine to restrict the movement of the Spotted Lanternfly. To date, along with Lehigh County, the following counties have been placed in the quarantine: Berks County, Bucks County, Carbon County, Chester County, Delaware County, Lancaster County, Lebanon County, Monroe County, Montgomery County, Northampton County, Philadelphia County, and Schuylkill County.

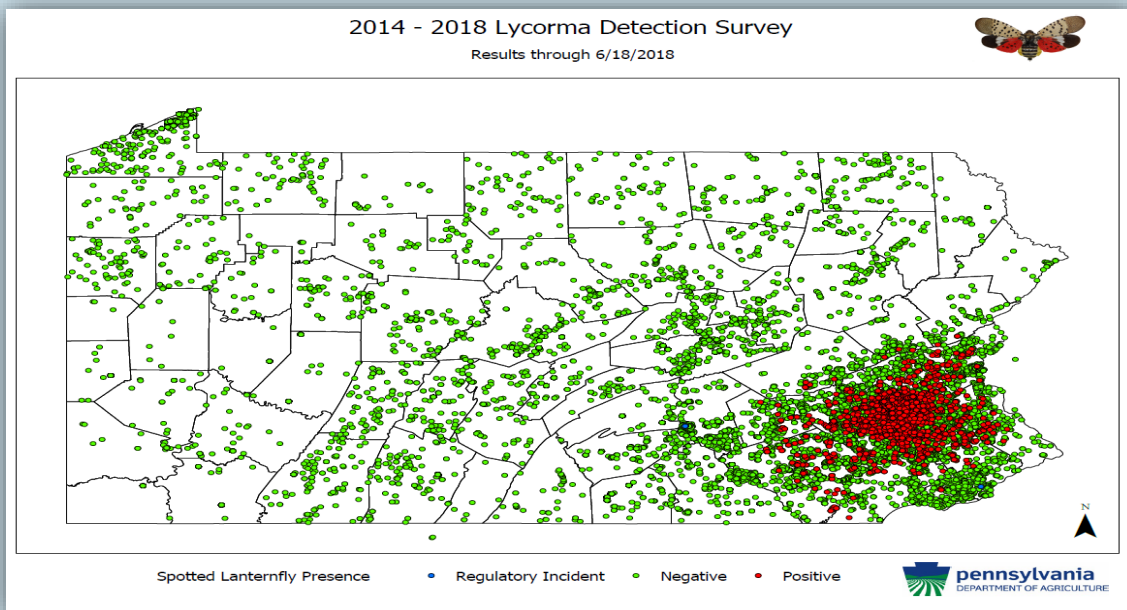
After hearing growing concerns about the Spotted Lanternfly from the state's agricultural community, the General Assembly included \$3 million in the General Fund Budget that was enacted in June to combat the pest, which is \$1.4 million, or 87.5%, more than the amount proposed by the Governor. In addition, the federal government has dedicated \$17.5 million toward this effort.

The signs of a Spotted Lanternfly infestation include trees that have developed weeping wounds which leave a greyish or black trail along the trees' trunks accompanied by bees, wasps and other insects that feed on the sap dripping from the trees' wounds. Also, in the fall, the adults will lay egg masses on trees and smooth surfaces. The egg masses have a grey mud-like covering which appear dry and cracked over time.

The Spotted Lanternfly adult is approximately 1 inch long and ½ inch wide while at rest. The forewing is grey with black spots, and the wing tips are reticulated black blocks outlined in grey. The hind wings have contrasting patches of red and black with a white band. The legs and head are black; the abdomen is yellow with broad black bands. Immature stages of the Spotted Lanternfly are black with white spots and develop red patches as they grow.

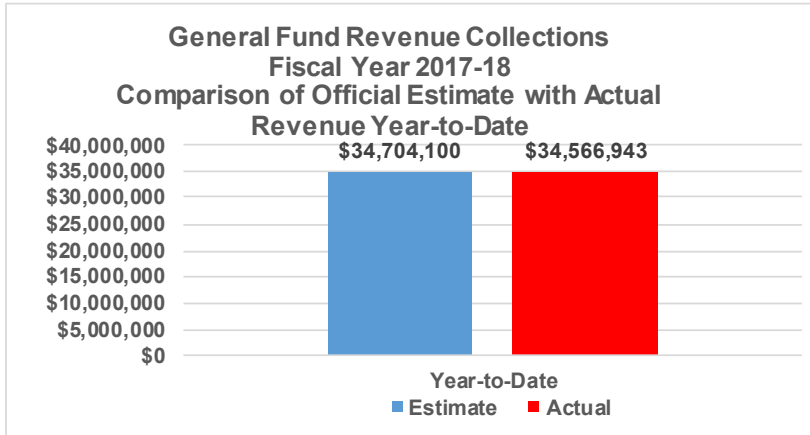


If you suspect you have seen a Spotted Lanternfly, you are encouraged to report the sighting to the Pennsylvania Department of Agriculture at [Badbug@pa.gov](mailto:Badbug@pa.gov), or 1-866-253-7189.



## Fiscal Year 2017-18 Draws to a Close

As Fiscal Year 2017-18 drew to a close, General Fund revenue collections for the month of June were below the estimate by \$258.7 million, largely as a result of there being no \$200 million transfer from the Pennsylvania Professional Liability Joint Underwriting Association (JUA) and weaker than expected corporate net income and personal income tax payments. General Fund revenue collections for the fiscal year ending 2017-18, totaling \$34.57 billion, were \$137.2 million, or 0.4%, below the estimate for the year.



### June General Fund Revenue vs. Estimate:

- General Fund revenue collections of \$3.08 billion were below the monthly estimate by \$258.7 million.
- General Fund tax revenues were under estimate by \$103.1 million, or 3.3%.

### Fiscal Year 2017-18 vs. the Official Revenue Estimate:

- Total General Fund revenues were \$137.2 million, or 0.4%, below the Official Revenue Estimate.
- General Fund tax revenue was \$129.9 million, or 0.4%, less than the estimate.
- Corporation taxes were \$220.3 million, or 4.3%, short of the estimate.
- Sales and use taxes were \$40.5 million, or 0.4%, above the estimate.
- Personal income tax collections exceeded the estimate by \$94.2 million, or 0.7%.
- Non-tax revenues were \$7.3 million, or 0.3%, below estimate.

### Fiscal Year 2017-18 vs. FY 2016-17:

- Total General Fund revenues were \$2.9 billion higher than last year at this time (including tobacco revenue bonds and fund transfers).
- General Fund tax revenue was \$1.25 billion, or 4.1%, higher than last year.
- Non-tax revenues were \$1.65 billion more than last fiscal year (including tobacco revenue bonds and fund transfers).



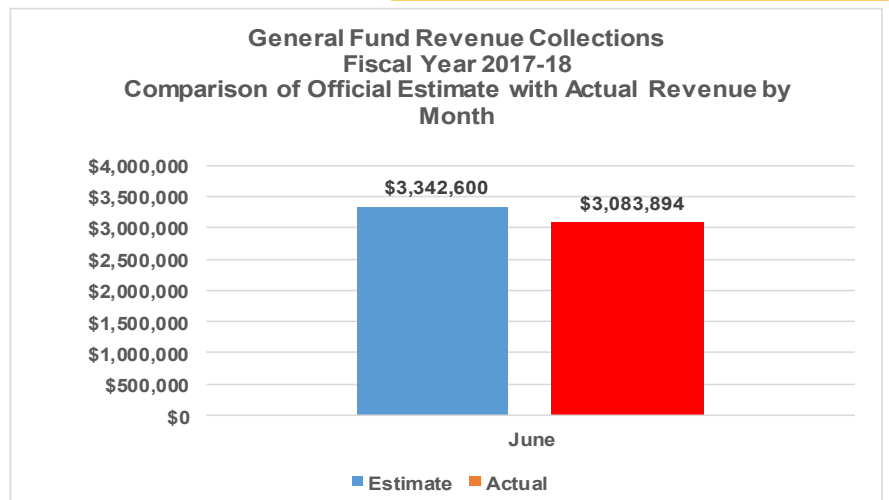
## Senator Martin's Bill Encouraging Private Donations to Fight Pediatric Cancer Received Final Approval

A measure that would help generate private donations to support pediatric cancer research was signed into law by Governor Wolf on June 28, 2018, according to the bill's author, Senator Scott Martin (R-13).

"Families who are affected by childhood cancer deserve all of the love and support we can offer," Martin said. "There is a strong will for the public to help families who are affected by pediatric cancer. It is my hope that this legislation will improve diagnosis, treatment and prevention strategies that will help more young people who are affected by cancer overcome this awful disease and lead long, healthy lives."

Pediatric cancer is the leading cause of death by disease among children nationwide. Every year, 91,250 kids die from pediatric cancer worldwide.

Contributions by the public can be made when renewing a driver's license, identification card or vehicle registration electronically through PennDOT's website.



# Fiscal Year 2017-18

## Senate Appropriations Committee

### Monthly Revenue Report

(\$ thousands)

REVENUE SOURCES	YTD FY 2016-17	June 2018 Actual	June 2018 Estimated	Surplus/ (Deficit)	YTD Actual FY2017-18	YTD Estimated FY 2017-18	Surplus/ (Deficit)
<b>TOTAL - GENERAL FUND</b>	<b>31,669,000</b>	<b>3,083,894</b>	<b>3,342,600</b>	<b>(258,706)</b>	<b>34,566,943</b>	<b>34,704,100</b>	<b>(137,157)</b>
<b>TOTAL - NON-TAX REVENUE</b>	<b>916,682</b>	<b>95,664</b>	<b>251,300</b>	<b>(155,636)</b>	<b>2,563,542</b>	<b>2,570,800</b>	<b>(7,258)</b>
<b>TOTAL - TAX REVENUE</b>	<b>30,752,318</b>	<b>2,988,230</b>	<b>3,091,300</b>	<b>(103,070)</b>	<b>32,003,401</b>	<b>32,133,300</b>	<b>(129,899)</b>
<b>TOTAL - Corporation Taxes</b>	<b>4,814,029</b>	<b>568,065</b>	<b>617,800</b>	<b>(49,735)</b>	<b>4,888,704</b>	<b>5,109,000</b>	<b>(220,296)</b>
Accelerated Deposits	2,814	751	0	751	3,758	0	3,758
Corp. Net Income	2,751,473	561,422	619,700	(58,278)	2,879,024	3,118,700	(239,676)
Cap. Stock & Franchise	33,051	0	0	0	0	0	0
Gross Receipts	1,230,536	7,064	8,100	(1,036)	1,149,934	1,236,600	(86,666)
PURTA	40,185	112	0	112	33,817	40,500	(6,683)
Insurance Premiums	433,426	(15,141)	(15,200)	59	450,857	388,100	62,757
Financial Institutions	322,544	13,858	5,200	8,658	371,314	325,100	46,214
<b>TOTAL - Consumption Taxes</b>	<b>11,736,199</b>	<b>1,124,533</b>	<b>1,115,000</b>	<b>9,533</b>	<b>12,094,354</b>	<b>12,117,200</b>	<b>(22,846)</b>
Sales and Use	10,004,459	963,500	951,600	11,900	10,381,360	10,340,900	40,460
General (net of transfers)	8,637,681	840,199	824,600	15,599	8,988,660	8,919,500	69,160
Motor Vehicle Sales	1,366,778	123,302	127,000	(3,698)	1,392,699	1,421,400	(28,701)
Cigarette Tax	1,261,572	116,408	118,500	(2,092)	1,198,252	1,250,600	(52,348)
Other Tobacco Products	83,915	11,281	11,500	(219)	119,120	121,600	(2,480)
Malt Beverage	24,396	2,144	2,300	(156)	24,115	24,500	(385)
Liquor	361,856	31,199	31,100	99	371,508	379,600	(8,092)
<b>TOTAL - Other Taxes</b>	<b>14,202,090</b>	<b>1,295,632</b>	<b>1,358,500</b>	<b>(62,868)</b>	<b>15,020,344</b>	<b>14,907,100</b>	<b>113,244</b>
Personal Income	12,664,373	1,139,888	1,177,200	(37,312)	13,398,955	13,304,800	94,155
Withholding	9,614,456	768,964	790,100	(21,136)	10,036,510	10,029,100	7,410
Non-Withholding	3,049,918	370,924	387,100	(16,176)	3,362,445	3,275,700	86,745
Realty Transfer	478,005	45,905	56,600	(10,695)	514,441	514,100	341
Inheritance & Estate	977,927	91,763	102,000	(10,237)	1,019,323	1,017,000	2,323
Minor & Repealed	(38,827)	6,335	10,200	(3,865)	(35,434)	(51,900)	16,466
Table Games (Gaming)	120,611	11,740	12,500	(760)	123,059	123,100	(41)
<b>TOTAL - MOTOR LICENSE FUND</b>	<b>2,758,529</b>	<b>247,880</b>	<b>244,310</b>	<b>3,570</b>	<b>2,948,492</b>	<b>2,896,500</b>	<b>51,992</b>
<b>TOTAL - Liquid Fuels Taxes</b>	<b>1,732,660</b>	<b>148,191</b>	<b>149,800</b>	<b>(1,609)</b>	<b>1,846,403</b>	<b>1,856,400</b>	<b>(9,997)</b>
Liquid Fuels	60	1	0	1	8	0	8
Fuels	0	0	0	0	0	0	0
Motor Carriers/IFTA	99,911	4,677	6,200	(1,523)	134,664	126,400	8,264
Alternative Fuels	11,085	1,123	1,000	123	14,227	12,600	1,627
Oil Company Franchise	1,621,605	142,390	142,600	(210)	1,697,503	1,717,400	(19,897)
<b>TOTAL - Licenses, Fees &amp; Other</b>	<b>1,025,870</b>	<b>99,689</b>	<b>94,510</b>	<b>5,179</b>	<b>1,102,089</b>	<b>1,040,100</b>	<b>61,989</b>
Licenses and Fees	1,000,529	97,171	93,400	3,771	1,045,596	992,400	53,196
Other Motor Receipts	25,341	2,519	1,110	1,409	56,493	47,700	8,793