

# MCA

## Summary of Legislation

### February 2008

#### **Bill Would Expand Prevailing Wage and Separations Act**

House Bill 2054 proposes to expand Prevailing Wage Act and separate primes requirements to projects built in Keystone Opportunity Zones (KOZs). KOZs are specially designated areas targeted for development. These often blighted areas are like tax free zones for companies that build there. Because of the preferential tax treatment, prevailing wage supporters argue that projects built in KOZs should be treated like they are public projects and subject to the same requirements. Representative Bob Belfanti sponsored the bill, so it was no surprise when it was reported from the committee that he chairs (Labor Relations) on February 5<sup>th</sup>. All of the Democrats voted for the bill along with 5 of the 13 Republicans. Several amendments designed to water down the requirements had been prepared by Republican members, but were not offered in committee. Instead, the amendments will likely be offered on the floor. A lively debate is expected when the bill reaches the full House, probably in March.

#### **Governor's Budget Promotes "Rebuilding Pennsylvania"**

Governor Ed Rendell presented his annual budget proposal to the Legislature on February 5<sup>th</sup>. Rendell's "Rebuilding Pennsylvania" is a new initiative that will invest more than \$700 million in the next three years to repair at least 1,000 bridges and improve the safety of dams across the state. "Pennsylvania has close to 6,000 structurally deficient bridges that are in desperate need of repair," said Governor Rendell. "We can, and we must, repair 1,000 of those in the next three years. Funds also will provide targeted infrastructure improvements to expand rail freight and aviation facilities and mitigate flooding. If the plan is passed by the Legislature, it would result in the acceleration of \$200 million for bridge repairs, \$13 million for flood-control projects, \$12 million for repairs to state-owned dams, \$10 million for new rail freight projects and \$5 million for aviation projects. It also includes \$15 million in new General Fund investments for local dam repairs, flood-plain mapping and infrastructure for business development.

In general, Republicans did not approve of all of the Democratic Governor's funding priorities. But the "Rebuilding Pennsylvania proposal drew very little fire, with some Republican leaders acknowledging the need for such a program. That may be an early indication that Republican legislators will embrace infrastructure funding as a major part of their own budget priorities. Budget hearings are scheduled for late February and early March. The Budget is supposed to be passed by June 30<sup>th</sup>.

Highlights of interest to the construction industry follow. Additional resources:

**Environment.** Conservation District funding is cut by almost 20% under last year's funding levels in the Governor's proposals. Funding for stormwater is proposed at \$2.2 million, which is level with the 07-08 fiscal year. Gypsy moth funding was increased, but black fly and West Nile funding levels were both decreased.

The Governor is continuing to advocate for a new fee on consumer electric bills based on consumption to support an Energy Independence Fund that would be invested in development of clean energy companies in the state, low interest loans and grants for clean energy projects, rebates for swapping certain appliances for more energy efficient models, and incentives for solar power.

The Infrastructure investment proposal in the Governor's budget package proposes funding for high-hazard dams in Pennsylvania, including a matching grant program of \$6.6 million which would provide up to 30% of the funds necessary to repair locally-owned high hazard dams. It also would levy a surcharge on property insurance premiums for structures in flood plains, providing funding for flood prevention and flood mitigation projects through 2010.

**Transportation.** Funding in the proposal is consistent with Act 44, including the full anticipated allocation from the existing county half cent gas tax and the new \$5 million for bridge repairs under the act, along with mass transit funding. Allocation of the \$5 million will be based on relative square feet of bridge deck area. As a part of the Rebuilding Pennsylvania initiative, the proposal includes an increase from \$17 million to \$30 million in the Infrastructure Development Bank, a revolving loan fund available to counties and municipalities for bridge and highway projects. The Governor's proposal for rehabilitation or replacement of 1,000 bridges applies just to Commonwealth-owned bridges.

### **Property Tax Reform Derailed in House**

An effort by the House to shift taxes away from local property taxes in favor of an expanded or higher state sales tax, didn't work out the way its advocates expected. First, an effort to replace all property taxes with an expanded sales tax failed to get even 50 votes out of 203. That approach was opposed by many organizations in the service sector, including design and construction associations, because it would have made them subject to the sales tax for the first time. The proposal to simply raise the state sales tax to offset a portion of local property taxes never even came to a vote.

The real surprise was passage of an amendment that would eliminate property taxes for only seniors earning less than \$40,000 annually. The amendment, offered by former Speaker John Perzel, pays for the reduction by using the state's slots revenue. You may recall that the slots legislation passed several years ago was touted as a means to obtain new revenue so that all Pennsylvanians could benefit from local property tax reductions. When the House approved the Perzel amendment, it essentially voted to renege on that commitment in favor of providing help for just low-income seniors. Many democrats voted with Republicans in supporting the amendment for fear of alienating senior voters. House Democratic Leadership responded by pulling the bill before a final passage vote was taken. It may all be much about nothing, as the Senate had no real interest in tackling this issue during an election year anyway.

### **House Passes Pashinski Scrap Metal Theft Bill**

The Pennsylvania House of Representatives has passed a bill which would develop a registry for scrap metal sellers and also penalize people who remove scrap metal from residential and construction sites. State Rep. Eddie Day Pashinski (D-Luzerne) introduced the measure because the number of scrap metal thefts at construction sites has significantly risen in his legislative district and across Pennsylvania.

"The theft of scrap metal has reached epidemic proportions over the past year," Pashinski said. "There have been House members who have stopped me in the halls and on the House floor and told me that increased incidents of scrap metal thefts have occurred in their legislative districts. Many legislators from across the state have co-sponsored my bill."

The measure also includes a provision that would punish people who sell rented beer kegs to scrap processors or recycling facilities instead of returning the kegs to beverage distributors. Pashinski said violators would face a \$2,500 fine for the first offense and each subsequent offense would be considered a third-degree misdemeanor.

Last November, members of the House Commerce Committee held a public hearing in the Wilkes-Barre City Council chambers to hear testimony on the legislation.

Pashinski's legislation (**HB 1742**) now will be sent to the Senate for consideration.

### **Senate Wants Study on Sewage Treatment Costs**

On February 12<sup>th</sup>, the Senate passed a resolution (**SR 224**) directing the Legislative Budget & Finance Committee to determine the "true" costs for upgrades to sewage treatment facilities to meet the goals of the Chesapeake Bay Tributary Strategy. DEP has estimated the cost of wastewater treatment plant compliance with the Tributary Strategy to be as low as \$190 million, while municipalities and the municipal authorities operating wastewater treatment plants estimate compliance could cost \$1 billion or more. The report must be completed within 9 months.

### **Legislative Activity**

**HB 93 RE:** Philadelphia Property Taxes (by Rep. Rosita Youngblood, et al)

Amends act entitled "An act implementing the provisions of section 2(b) (ii) of Article VIII of the Constitution of Pennsylvania by authorizing cities of the first class to provide for special tax provisions relating to real property taxes for certain persons who meet the established standards and qualifications for age and poverty," further providing for construction, for declaration of policy, for definitions and for special tax provisions, and providing for

limitations on refunds or forgiveness. The bill states that a first class city (Philadelphia) must provide by ordinance that certain taxpayers entitled to the benefit of the special tax provisions of this act, limited to 25% of the state allocation for the fiscal year of such refunds or forgiveness as certified by the Department of Revenue. Currently the city may provide for such. ***This bill is one of the vehicles for other tax reform proposals to be voted on the House floor, including another proposal to expand the sales tax to most all items and professional services. This vote did not happen in January, and it is unclear when it will come back now.***

**Rereferred to House Finance Committee, 2/4/2008**

**HB 1489 RE: Sales Tax (by Rep. Bill DeWeese, et al)**

Amends the Tax Reform Code by increasing the sales and use tax and the hotel occupancy tax to 6.5% (from 6%). The bill states that within thirty days of the effective date of this section, the department would prepare and publish a table setting forth the amount of tax imposed under section 202 for purchase prices that result in a tax containing a fraction of less than a cent. The bill also adds that all revenues received by the department on or after July 1, 2008, from the increase in the rate of sales and use tax and hotel occupancy tax would be transferred monthly to the Property Tax Relief Fund established by the Taxpayer Relief Act. The bill states the Department would annually calculate a state property tax reduction allocation as provided in the legislation.

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**Rereferred to House Finance Committee, 2/4/2008**

**HB 1600 RE: Supplemental Homeowner Property Tax Relief Act (By Rep. David Levdansky, et al)**

Establishes the Personal Income Tax Surcharge Fund. The bill would charge a surtax equal to 0.5% imposed on the purchase price of property and services subject to taxation. There would also be a surtax equal to 0.22% imposed on the taxable income of resident and nonresident individuals. The department would calculate the State allocation pursuant to this chapter for each school district and each year, in which a school district receives a local property tax reduction allocation pursuant to this act, the school district would calculate a homestead and farmstead exclusion.

***This bill was one of the vehicles for other tax reform proposals to be voted on the House floor, including another proposal to expand the sales tax to most all items and professional services. Rep. Sam Rohrer's amendment was defeated. Rep. John Perzel was able to pass an amendment making this bill only apply to local tax relief for eligible seniors.***

**4 Floor amendment(s) adopted, 1/29/2008**

**Rereferred to House Finance Committee, 2/4/2008**

**HB 1742 RE: Scrap Material Theft Prevention Act (by Rep. Eddie Day Pashinski, et al)**

Provides for identification requirements for sale of scrap materials to scrap processors and recycling facility operators. A scrap processor and recycling facility operator would be required to collect certain information for all transactions by a seller of restricted material and from all other sellers when the purchase of scrap material exceeds \$100 and for all transactions involving a catalytic converter. Additionally, every scrap processor and recycling facility operator must develop methods of tracking a transaction that obtains the seller's signature on a receipt for the transaction. Every scrap processor and recycling facility operator must also create and maintain a permanent record with a commercial enterprise in order to establish a commercial account. A scrap processor and recycling facility operator may purchase the following scrap material only if the purchase occurs with a commercial enterprise in conjunction with a contract or letter of authorization from the commercial enterprise: (1) new production scrap or new materials that are a part of a manufacturing process that are being sold by an individual, not a company; (2) full sized, new materials, such as those used in construction, or equipment and tools used by contractors; (3) commercial metal property; (4) metallic wire that has been burned in whole or in part to remove insulation; or (5) beer kegs. The bill provides for law enforcement and penalties.

**Passed House, 2/6/2008 (151-47)**

**Referred to Senate Environmental Resources and Energy Committee, 2/14/2008**

**HB 2026 RE: Mini-COBRA Small Employer Group Health Policies (by Rep. Tina Pickett, et al)**

Amends The Insurance Company Law by providing for Mini-COBRA Small Employer Group Health Policies. The bill states that a group policy delivered or issued for delivery in PA by an insurer which insures employees or members and their eligible dependents for hospital, surgical or major medical insurance on an expense-incurred or service basis would provide that employees or members whose coverage under the group policy would otherwise terminate because of termination of employment or membership would be entitled to continue their coverage, including coverage for their eligible dependents. Continuation would only be available to an employee or member who has been continuously insured under the group policy during the entire three-month period ending with the termination. If employment is reinstated during the continuation period, then coverage under the group policy must be reinstated. The employee or member must request the continuation in writing within 31 days of the date coverage

would otherwise terminate and must pay to the group policyholder the amount of contribution required to continue the coverage.

**Reported as amended from House Insurance Committee, read first time, and laid on the table, 2/12/2008**

**HB 2028 RE:** Health Care Cost Containment and Comparison Council (By Rep. Jerry Stern, et al)

Amends Health Care Cost Containment Act by renaming the Council as the Health Care Cost Containment and Comparison Council. The bill states under the declaration section that the continuing escalation of health care costs is attributable to a number of interrelated causes, including the need for consumers of health care to have access to charge information from physicians for common services and treatments. The Council would compile and establish an Internet database for the general public showing physician charge comparisons for common services and treatments. The bill states the Council's data abstraction and technology work group would develop a system of data collection and analysis on physician charges for common services and treatments working with council staff and outside third-party vendors as needed and authorized by the council. The physician charge comparison would contain data on reimbursement rates for adultBasic, CHIP, Medicaid, medical assistance, Medicare and insurer reimbursement rates by insurer. The physician charge comparison would be available to consumers by January 1, 2009. Lastly, the bill extends the expiration date of the act to June 30, 2011.

**Reported as amended from House Insurance Committee, read first time, and laid on the table, 2/12/2008**

**HB 2054 RE:** Separations Act and the Pennsylvania Prevailing Wage Act Applicable to KOZ (by Rep. Bob Belfanti, et al)

Amends the Keystone Opportunity Zone, Keystone Opportunity Expansion Zone & Keystone Opportunity Improvement Zone Act providing for work performed on deteriorating property by adding that all construction, reconstruction, demolition, alteration and repair work other than maintenance work performed on a deteriorating property under this act shall be done in accordance with the Separations Act and the Pennsylvania Prevailing Wage Act.

**Reported as committed from House Labor Relations Committee, read first time, and laid on the table 2/5/2008**

**Removed from the table and rereferred to House Appropriations Committee, 2/6/2008**

**HB 2231 RE:** RCAP Debt Limit (by Rep. Dwight Evans, et al)

Amends the Capital Facilities Debt Enabling Act further by increasing the maximum amount of state redevelopment assistance for capital projects to \$3.4 billion.

**Referred to House Appropriations Committee, 2/5/2008**

**Reported as committed from House Appropriations Committee, read first time, and laid on the table, 2/11/2008**

**SB 1 RE:** Open Records (by Sen. Dominic Pileggi, et al)

The "Right-To-Know Law" reverses the presumption of access to records and puts the burden of proof on a government agency denying access to a record. It provides a list of 29 exceptions for executive agencies and local agencies, which include criminal investigations, Social Security numbers, personal financial information, and individual medical records. Legislative agencies, including the Senate and the House, are required to provide access to 19 categories of records. Judicial agencies are required to provide financial records. The bill also states that the state-related universities are required to provide information from IRS Form 990, along with a list of the highest 25 salaries for university employees. It also creates an online, searchable database of state contracts. The legislation creates an independent Office of Open Records, housed in DCED, with an executive director appointed by the governor to a six-year term. The Office would establish standard fees for photocopying records, and create a uniform form that can be used to request records. The bill makes changes to the process of obtaining public records in Pennsylvania and changes the appeals process. The legislation reduces the time period for response by a Commonwealth agency and legislative agency from 10 days to 5 days. Also, the bill increases financial penalties for noncompliance and allows plaintiffs to recover attorneys' fees if an agency acts in bad faith.

**Senate Concurred in House amends to Senate amendments, with further amendments, 1/30/2008 (50-0)**

**Rereferred House Rules Committee, 2/4/2008**

**Re-reported on concurrence as committed from House Rules Committee, 2/6/2008 02-11-08 H DeWeese  
1 Floor amendment(s) adopted, 2/11/2008**

**House concurred in Senate amendments to House amendments, as further amended by the House, 2/11/2008**

**Rereferred Senate Rules and Executive Nominations Committee, 2/12/2008**

**Re-reported on concurrence as committed from Senate Rules and Executive Nominations, 2/12/2008**

**Senate concurred in House Amendments to Senate Amendments, as further amended by the House, 2/12/2008  
Approved by the Governor, 2/14/2008 Act No. 3 of 2008**

**SB 9 RE:** Proof of Citizenship for Receipt of Public Benefits Act (by Sen. Joe Scarnati, et al)

Requires anyone who is at least 18 years of age and applies for public benefits to provide one of a specified list of identifications and execute an affidavit stating that the person is a U.S. citizen or legal permanent resident or is otherwise lawfully present in the U.S. pursuant to Federal law. The agency receiving this affidavit would have to keep it on file. Agencies that administer public benefits have to verify, through the SAVE program that each applicant who has executed an affidavit is an alien legally present in the U.S. Penalties are further provided for in the bill.

**Reported as amended from Senate State Government Committee, and read first time, 2/12/2008**

### **New Bills Introduced**

#### **HB 1776 RE: Fair Contracting Act (By Rep. Bob Belfanti, et al)**

Provides for the licensing of contractors and for exemptions; establishes the Fair Contracting Board in the Department of Labor and Industry; provides for composition, powers and duties of the Fair Contracting Board; provides for administration and enforcement; establishes the Fair Contracting Fund, into which all fees collected would be deposited; and makes an appropriation of \$125,000 for the payment of costs associated with processing licenses and renewing licenses, for the operation of the board and for other costs associated with this act. The appropriation would be repaid by the board within three years of the beginning of issuance of licenses by the board.

**Referred to House Labor Relations Committee, 1/28/2008**

#### **HB 2232 RE: Prevailing Wage Overtime (by Rep. Mark Keller, et al)**

Amends the Pennsylvania Prevailing Wage Act further providing for administration by adding that the secretary would not require the payment of an applicable overtime premium on that portion of the required hourly wage rate which reflects cash payment for employee benefits pursuant to a bona fide collective bargaining agreement.

**Referred to House Labor Relations Committee, 2/11/2008**

#### **HB 2243 RE: Contract Bidding (by Rep. Scott Petri, et al)**

Amends the Public School Code further providing for work to be done under contract let on bids and exception by adding that the rate must be at least \$20,000; for approved reimbursable rental for leases hereafter approved and approved reimbursable sinking fund charges on indebtedness by adding that the rate must be at least \$5,900 for elementary projects, \$7,700 for secondary projects and \$9,500 for vocational-technical projects; and for approved reimbursable annual rental for leases of buildings and facilities for school use by adding that the reimbursement rates would be at least \$640 for elementary schools, \$880 for secondary schools and \$1,080 for vocational schools. The department would annually adjust the limits established in accordance with the US Department of Commerce Construction Cost Index.

**Referred to House Education Committee, 2/14/2008**

### **Upcoming Meetings of Interest**

#### **THURSDAY – 3/13/2008**

##### **House Consumer Affairs Committee**

**1:00 p.m., Ramada Inn, 820 Northern Blvd., Clarks Summit**

Public hearing on: **HB 1821** – provides for the regulation of home construction contracts & for registration of certain home builders; prohibiting certain acts; providing for penalties; establishing the Home Builder Guaranty Fund; & providing for claims.

#### **2008 HOUSE SPRING SESSION SCHEDULE**

**The House has announced the following session days for Spring 2008, subject to change**

<b>March</b>	<b>10, 11, 12, 17, 18, and 31</b>
<b>April</b>	<b>1, 2, 7, 8, and 9</b>
<b>May</b>	<b>5, 6, 7, 12, 13, and 14</b>
<b>June</b>	<b>2, 3, 4, 9, 10, 11, 16, 17, 18, 23, 24, 25, 26, 27, 28, 29, and 30</b>

#### **2008 SENATE SPRING SESSION SCHEDULE**

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<b>June</b>	<b>2, 3, 4, 9, 10, 11, 16, 17, 18, 23, 24, 25, 26, 27, 30</b>

*Copies of all bills of interest can be accessed via the Internet at:*

<http://www.legis.state.pa.us/WU01/LI/BI/billroom.htm>