

The Inside Track

And We're Off...

The 2017-2018 legislative session kicked off on Jan. 3, when newly elected members of the General Assembly were sworn into office. Just about one month later, Gov. Tom Wolf delivered his third annual budget address since taking office in 2013.

The 2017-2018 spending plan proposed by the governor totals a slim 1.8 percent increase over last year's budget; however, we'll start the new fiscal year with a \$3 billion deficit. In an effort to fill that ever-growing budget hole, the governor suggests \$2 billion in cost-saving measures and budget cuts, a slight increase in revenues, and a \$1 billion tax package.

Cost-savings measures proposed include the consolidation of several state agencies, continued efforts for government efficiency through the governor's GO-TIME initiative, and a proposed lease-leaseback arrangement for the Farm Show Complex and Expo Center.

While the governor did not propose any broad-based tax increases, he did suggest raising revenue through a tax package that includes a severance tax on natural gas and other amendments to the Tax Code.

Finally, Gov. Wolf is also expecting increased revenue from an additional \$137 million from liquor privatization efforts and an additional \$150 million from expanded gaming.

Members of the General Assembly already have their eye on expanded gaming opportunities. Rep. George Dunbar (R-Westmoreland) has introduced H.B. 392, which would regulate iGaming, allow gaming tablets at international airports, authorize the PGCB to create new regulations to allow for new types of slot machines, allow multi-state linkage of slot machines to increase jackpots, and fix the local share assessment issue by requiring all casinos (except for Category 3 casinos) to pay \$10 million to host municipalities. Sen. Jay Cost (D-Allegheny) also has circulated a co-sponsorship memo to legalize internet gaming and fantasy sports, as well as re-enact the local share assessment found unconstitutional by the Pennsylvania courts.

And speaking of local share, in an order dated Jan. 20, 2017, the Supreme Court stayed its order striking down local share until May 26, giving the Legislature four more months to figure out how to make municipalities that host casinos whole after the assessment was deemed unconstitutional last summer.

Winner's Circle:

A new session can bring changes to legislative leadership and to chairmanships, and that is the case for the 2017-2018 session. The House Gaming Oversight Committee is now chaired by Rep. Scott Petri (R-Bucks) and Rep. Pat Harkins (D-Erie) and the House Agriculture and Rural Affairs Committee is now

chaired by Rep. Martin Causer (R-Cameron) and Rep. Eddie Day Pachinko (D-Luzerne). On the Senate side, the Senate Agriculture and Rural Affairs Committee is still chaired by Sen. Elder Vogel (R-Beaver) and Sen. Judy Schwank (D-Berks), but the Senate Community, Economic and Recreational Development Committee is now chaired by Sen. Mario Scavello (R-Monroe) and Sen. Larry Farnese (D-Philadelphia).

There's also a change at the Pennsylvania Gaming Control Board to report: On Feb. 7, Dante Santoni, former chairman of the House Gaming Control Committee, was appointed to the Gaming Control Board by House Democratic Leader Frank Dermody. He fills the vacancy created by the expiration of former House Speaker Keith McCall's term.