

State Senator Dominic Pileggi

Reports



To the Ninth Senatorial District

SUMMER 2004

Dear Friends,

During the last week of June and well into the July 4th weekend, the Pennsylvania General Assembly was deep into a marathon session, simultaneously dealing with dozens of complex issues.

The state budget was enacted without a tax increase. After many years of discussion and failed efforts, the Senate and the House of Representatives passed legislation providing for substantial property tax reform. We also passed the much debated legislation expanding gaming at horseracing tracks and other venues. This newsletter explains these key legislative actions, as well as events happening in the 9th Senatorial District.

As always, please feel free to contact my office with questions or concerns on these or any other issues.

Sincerely,

A handwritten signature in blue ink that reads "Dominic Pileggi".

Senator Dominic F. Pileggi

2004-2005 Pennsylvania State Budget

After intense negotiations during the final days of the spring legislative session, the General Assembly approved a \$22.8 billion budget for the Commonwealth of Pennsylvania in the 2004-2005 fiscal year. Overall, the budget provides fiscally responsible increases for programs and services that will provide long-term benefits to Pennsylvanians, without imposing additional taxes. The spending plan includes substantial increases in funding for a variety of programs and services, such as:

AGRICULTURE:

- An additional \$1 million for the crop insurance account, which protects Pennsylvania's farmers.

EDUCATION:

- A 3.6% increase in basic education funding in the amount of \$4.36 billion;
- A 2.7% increase in special education funding in the amount of \$929 million;
- A 2% guaranteed increase in basic and special education funding for every school district in the state;
- A \$23 million provision to help resolve state funding problems

for Approved Private Schools, which provide valuable services to families of special needs children.

- A \$200 million allocation for accountability block grants to be dispersed to school districts throughout the Commonwealth, providing for 11 different programs.

LIBRARIES:

- A 21% increase in funding – in the amount of \$10 million – for Pennsylvania's libraries.

PUBLIC SERVICES:

- A \$7.2 million allocation to provide for the addition of 90

troopers to the Pennsylvania State Police force;

- A \$36 million allocation to provide a 2% cost-of-living adjustment for employees of mental health/mental retardation and drug and alcohol treatment programs.

TRANSPORTATION:

- An increase of \$8.5 million in funding for mass transit services;
- A \$3 million restoration of funding for Access to Jobs, a support program for individuals moving from welfare rolls into the workforce.

You're Invited to the Kid's Fun Fair

On Saturday, October 16, 2004, you are invited to attend the second annual Kids' Fun Fair. To be held at the Sun Valley High School from 11am to 2pm, the Fair promises to be a good time for children and adults alike. Feel free to stop by, visit with friends and neighbors, find information on services for children, enjoy refreshments, and learn about state government. Please contact my offices for more information on this event as the date approaches.



General Assembly Approves Slots Legislation

Over the July 4th holiday, the Pennsylvania Senate and House of Representatives gave bipartisan approval to legislation that will allow for the placement of slot machines at sites across the Commonwealth. The measure authorizes the issuance of up to 14 slot licenses, seven of which will be granted to Pennsylvania's horse racing tracks, five at "stand-alone" parlors, and two at resort facilities.

Significant economic gains are anticipated for Pennsylvania as a result of this legislation. Slots venues are expected to generate \$1 billion in state tax revenue annually when fully operational. License fees paid by slots operators will provide a one-time revenue boost of more than \$600 million. The placement

of slot machines at racetracks stands to create approximately 18,000 new jobs and to protect the 35,000 existing jobs in Pennsylvania's horseracing industry. Finally, the Commonwealth will now have an opportunity to retain some of the \$4.7 billion that Pennsylvanians spend on gaming in other states.

The expected \$1 billion in annual slots revenue will serve Pennsylvania in several ways. Though gaming revenues will primarily be used to fund property tax cuts for Pennsylvania's homeowners, \$25 million will be allocated annually to support the Volunteer Fire Grant Program, and approximately \$1.5 million of gaming revenues will fund a program to assist compulsive gamblers.

The 9th Senatorial District stands to benefit directly from the legalization of slot machines in Pennsylvania. This benefit is already visible along the Chester waterfront in the construction of the Chester Downs racetrack. Harrah's Entertainment, Inc. has entered into a partnership with

Chester Downs Marina L.L.C. to develop Chester Downs. Approximately 300 construction jobs will be created, as well as 1,800 permanent jobs for the planned harness racing track, marina, restaurant, and hotel. Once Chester Downs is operational, the City of Chester will receive a minimum payment of \$10 million annually. Delaware County and its municipalities will share another 2% of the annual slots revenues.

The gaming legislation will reinvigorate the Commonwealth's horse industry, which in turn will help to preserve valuable and threatened open spaces in the 9th Senatorial District, home to numerous horse farms. Allowing Pennsylvania's horse owners and breeders to compete with those in our neighboring states will allow existing horse farms to better resist the pressures of encroaching development and the negative impacts of suburban sprawl. Pennsylvania's horse industry produces \$865 million in annual economic activity and operates capital facilities worth an estimated \$1.2 billion. In addition, the industry helps to preserve more than 500,000 acres of open space in the Commonwealth.



Property Tax

Before recessing for the summer, the Pennsylvania General Assembly approved a property tax reform plan that will enable homeowners to significantly reduce their school property taxes while gaining greater control of the decisions that impact taxation rates.

Under Act 72 of 2004, known as the Homeowner Tax Relief Act, school districts will qualify for property tax relief generated from new gaming revenues only if they agree to implement a 0.1% increase in the earned income tax paid by local residents. This new revenue would then be used to reduce property taxes by a corresponding amount.

This Act, part of continuing efforts to reduce spiraling property taxes, will permit school districts to further reduce property taxes by the maximum amount allowed under the Homestead Exemption of the Pennsylvania Constitution.

In return for accepting state funds, Pennsylvania's school districts will be required to impose a limit on future increases to local property taxes. If a school district chooses to raise taxes beyond the rate of inflation, the district must first seek voter approval through a referendum, unless the increase qualifies as one of several defined exceptions. This "backend referendum" requirement is crucial to controlling school spending and protecting property owners from substantial tax increases.

Act 72 may lower property taxes by an average of 20% across the state. This legislation is intended to give homeowners greater control over the taxes levied in their respective school districts. These changes represent the first significant reform in the Pennsylvania property tax system in more than three decades. They do not, however, address the important issues of funding equity or eliminate school property taxes. Much

remains to be done in these areas.

Provisions of this legislation specifically benefit the residents of the 9th Senatorial District in several other ways. For instance, Act 72 addresses Philadelphia's reliance on the wage tax, which has precluded southeastern Pennsylvania's school districts from considering a shift away from property taxes. This legislation will provide for a direct reimbursement from the state gaming revenue to school districts that have non-resident Philadelphia wage taxpayers, to be used for homestead and farmstead exclusions. In addition, Philadelphia will receive funding to reduce the resident and non-resident wage tax.

Homeowners should note that reductions in property taxes will differ among school districts. In addition, because of the time needed to implement this legislation, homeowners should not expect a tax reduction before the 2006-2007 school year.



Senior Expo 2004

My second annual Senior Expo, held on June 3, 2004 at Neumann College, welcomed over 600 senior citizens from the 9th Senatorial District. While there, attendees learned about the PACE program, met friendly animals available for adoption from the Delaware County SPCA, received information on public transportation services for the elderly, spoke with such representatives as those from AARP and the Department of the Treasury regarding unclaimed property, benefited from free blood pressure screenings, and much more.

Confused About Drug Cards? Just Ask!

On June 1, 2004, the new Medicare-approved discount cards became available. These cards, which expire in January of 2006, present a number of options for senior citizens. They may, therefore, be confusing.

PACE recipients should be aware that their prescription benefits, provided through the Pennsylvania Lottery Fund, exceed those offered through the discount cards. PACE eligible seniors should not, under any circumstances, pay for a drug discount card. All PACE recipients will be enrolled automatically and at no cost through a state program called First Health, so that they may take advantage of these savings. As for PACENET participants, they would be required to pay for a Medicare-approved discount card. They should note that it is not in their best interests to obtain one of these cards, as their current benefits do not impose additional costs and provide superior benefits.

Those 65 or older who are not eligible for PACE or PACENET, who do not have other prescription coverage, and whose income exceeds \$23,500 for an individual or \$31,500 per couple might consider signing up for a Medicare-approved drug discount card. Cardholders can plan to save between 10% and 30% on prescription medications, though figures vary by card. Seniors can receive one card only for 2004, but can change to a different card for 2005.

Older Pennsylvanians with questions about the new Medicare-approved discount cards should seek assistance from the Medicare Drug Discount Card Program at 1-800-633-4227 or online at www.medicare.gov. In addition, all are welcome to contact my office.



Student Government Seminar

On March 11 of this year, I had the pleasure of hosting a panel of educators, state legislators, and representatives of nonprofit organizations for a seminar entitled "A Student Guide to State Government – A Closer Look." Held at the Pennsylvania State University's Delaware County Campus, high school juniors and seniors from the 9th Senatorial District learned about issues as diverse as education, crime and punishment, and the legislative process. The program is designed to give high school students an insight into the operations of state government.

Congratulations to Miss Lindsey Nye, Pennsylvania's Junior Miss!



On the evening of March 6, Miss Lindsey Nye of Lincoln University was named Pennsylvania's Junior Miss for 2004. Lindsey, a student at Avon Grove High School, proudly represented the Commonwealth at the national competition in June. After graduation from high school, she will attend Franklin and Marshall College. It was my pleasure to show her the State Capitol and introduce her before the Senate on June 8, 2004. I am sure you all join me in wishing Lindsey the best for a bright future.

Senator Pileggi's Legislative Offices

100 Granite Drive, Suite 105
Media, PA 19063
(610) 565-9100
(610) 566-2010 FAX

631 W. Baltimore Pike
West Grove, PA 19390
(610) 345-1084
(610) 345-1087 FAX

511 Welsh Street
Chester, PA 19013
(610) 447-5845
(610) 447-5848 FAX

459 Main Capitol
Harrisburg, PA 17120
(717) 787-4712
(717) 783-7490 FAX
1-888-9TH-DIST

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dpileggi@pasen.gov
www.senatorpileggi.com

Kudos!

Congratulations to these remarkable citizens of the 9th Senatorial District:

The following couples recently celebrated their **50th wedding anniversaries**: Richard and Loueen DeRosa; Charles and Marie Kramaric; Ralph and Helen Mader; Thomas and Louise Patton, Jr.; and Ralph and Kathleen Wickersham, Sr.

Happy Birthday! Beadie Bowman, Irene Bryant, Florence Jackson, Margaret Parker, and Mary Reynolds all recently celebrated their 100th birthdays. Franklin Holtz celebrated his 105th birthday this past April.

The following young men have been honored as **Eagle Scouts**:

Independent Colleges and Universities

In a continuing effort to serve the residents of the 9th Senatorial District, I have sponsored Senate Bill 1119, legislation authorizing the Pennsylvania Higher Education Facilities Authority (PHEFA) to issue \$50 million annually in bonds for a period of five years to enable projects for independent higher education institutions.

These funds would be available for educational facilities and for facilities providing economic benefits to the local community. The maximum bond authorization would be \$5 million per project, with dormitories and residence halls ineligible to receive funding. Under this legislation, the Commonwealth would be responsible for 50% of the debt

service, while the college or university would be held responsible for the remaining 50%.

Pennsylvania's independent colleges and universities award over one half of all bachelor degrees and over 60% of all advanced degrees granted in the Commonwealth. In 2000, Pennsylvania ranked second in the nation in attracting out-of-state freshmen, with three out of four students coming to Pennsylvania to attend an independent college or university.

Educational institutions in the 9th Senatorial District such as Neumann College and Widener University – as well as the communities surrounding these institutions – would stand to benefit from this legislation.



At a press conference held on March 30, 2004 at the State Capitol and before a group of legislators and educators and the chairman of the Association of Independent Colleges and Universities of Pennsylvania, I introduced Senate Bill 1119.

Russell Anderson; Christopher Bowens; Kevin Bradley; Jonathan "Jay" Carty; Eric Chia-Lin Cheng; Ben Crowder; Stephen Finn; Josh Kramer; and Samuel Moffat.

The following young women have been honored with **Girl Scout Gold Awards**: Kathryn Cunningham; Shivani Honwad; Victoria King; Alexandra Ronallo; Ashley Stiles; Amy Teodecki; and

Romina Valentini.

Shaunak Kishore won the State Countdown Round of the **Pennsylvania MATHCOUNTS Statewide Competition** held on March 20 of this year. For his success, Shaunak was chosen to compete as a member of the Pennsylvania State Team at the National MATHCOUNTS Competition.