

2010-11 Fiscal Year State Budget

With a deficit of slightly more than \$1.2 billion and the governor asking for increased spending, the 2010-11 state budget contains several fund transfers and agency/program cuts. The budget does not include any tax changes. The amounts transferred include:

| Fund | Amount Transferred to the General Fund (in thousands) |
|---------------------------------------|---|
| Rainy Day Fund | \$745 |
| Emergency Medical Services Fund | \$3,300 |
| Highway Beautiful Fund | \$800 |
| Key 93 Fund | \$17,102 |
| Local Gov't Capital Project Loan Fund | \$1,000 |
| Low Level Nuclear Waste Site Fund | \$2,700 |
| PERF | \$5,400 |
| Small Business First Fund | \$4,000 |

Additionally, the budget is balanced with a one-time funding source of \$850 million in extended FMAP funds that have not yet been approved by Congress. The governor has indicated that if Congress fails to approve the FMAP funding, he and legislative leaders will have to identify additional cuts in the budget.

Taxes proposed, but not part of the 2010-11 budget:

- **Sales Tax Vender Collection Allowance Removal or Cap:** House Bill 2435 would remove the sales tax vender allowance, a small reimbursement or withholding to retailers and other businesses to cover a portion of their costs associated with the collection and remittance of sales tax to the Commonwealth. **Status: Defeated**
- **Severance Tax on Natural Gas:** House Bills 2435, 2443 and 325 would impose a new severance tax on Pennsylvania's gas industry, jeopardizing jobs and eroding the state's economic competitiveness. Budget negotiators said that the fiscal code bill approved as part of the budget agreement charges the legislature to enact a severance tax by October. The PA Chamber will continue to oppose its enactment. **Status: Pending**
- **Combined Reporting:** House Bill 2435 and S.B. 1381 contain combined reporting language. The PA Chamber took the lead in advocating against this tax increase. **Status - Defeated**
- **Expansion of the Sales Tax:** The PA Chamber expressed opposition to the governor's proposal to lower the sales tax rate but expand the base to more than 70 new items and services. This proposal was left out of revenue legislation in both the House and Senate. **Status: Defeated**
- **Smokeless Tobacco Tax:** The PA Chamber expressed concern with the rationale of using a declining funding source to expand government programs. **Status: Defeated.**

The new budget contains an overall increase in spending of less than 1 percent.

- About \$25.3 billion in taxes, fees and other state revenue, plus \$2.7 billion in federal economic stimulus money.

Spending Increases:

- \$1 billion-plus on mandated programs, such as health care for the poor, pensions and prisons
- \$250 million, or 4.5 percent, for public school operations and instruction

Future Taxes:

- Legislative approval of a natural gas extraction tax by Oct. 1, in force by Jan. 1, 2011

Approved Debt Increase:

- \$600 million increase in Redevelopment Assistance capital fund limit, from \$3.45 billion to \$4.05 billion. Click [here](#) to review the legislation authorizing this increase.

General Fund allocations that may concern business:

| Budget Bill Comparison Amounts in Thousands | Actual | Revised Available | HB2279 PN3277 | HB2279 Updated | Difference Between 09-10 & 10- 11 |
|--|----------------|------------------------------|--------------------------|---------------------------|--|
| Fund/Agency Appropriation | FY08-09 | FY09-10 | FY10-11 | FY10-11 | |
| Attorney General Total | \$111,830 | \$105,215 | \$104,673 | \$102,023 | -\$3,192 |
| Treasury | | | | | |
| General | \$40,932 | \$36,207 | \$35,845 | \$34,485 | -\$1,722 |
| Escheats | \$0 | | \$0 | | |
| Board of Finance and Revenue | \$2,270 | \$2,086 | \$2,065 | \$1,987 | -\$99 |
| Community and Economic Development | | | | | |
| General government operations: | \$19,934 | \$17,000 | \$16,830 | \$15,968 | -\$1,032 |
| ARC - Technical Assistance | \$235 | \$178 | \$192 | \$192 | \$14 |
| DOE - Weatherization administration | \$735 | \$812 | \$812 | \$812 | \$0 |
| ARRA - DOE - weatherization administration | \$0 | \$4,353 | \$4,400 | \$6,400 | \$2,047 |
| SCDBG - admin | \$2,000 | \$2,000 | \$1,536 | \$1,536 | -\$464 |
| SCDBG - neighborhood stabilization administration | \$200 | \$2,400 | \$1,884 | \$1,884 | -\$516 |
| SCDBG - neighborhood stabilization | \$46,000 | \$46,000 | \$0 | \$0 | \$0 |
| CSBG - admin | \$1,402 | \$1,507 | \$1,507 | \$1,507 | \$0 |
| ARRA - CSBG - homeless admin | \$1,212 | F | \$0 | \$210 | -\$210 |
| LIHEABG - admin | \$535 | \$535 | \$535 | \$535 | \$0 |
| ARRA - homeless prevention | \$0 | \$240 | \$662 | \$662 | \$422 |
| ARRA - SCDBG admin | \$0 | \$150 | \$150 | \$150 | \$0 |
| AmeriCorps Training and tech assistance | \$156 | \$128 | \$128 | \$128 | \$0 |
| Office of open records | \$851 | \$1,250 | \$1,237 | \$1,185 | -\$65 |
| World Trade of PA | \$12,853 | \$7,500 | \$6,750 | \$6,392 | -\$1,108 |
| Interactive marketing | \$0 | \$0 | \$0 | \$0 | \$0 |
| Marketing to attract tourists | \$15,767 | \$6,246 | \$5,496 | \$5,238 | -\$1,008 |
| National scenic byways program | \$200 | \$0 | \$0 | \$0 | \$0 |
| Marketing to attract business | \$2,593 | \$895 | \$886 | \$802 | -\$93 |
| Marketing to attract film business | \$489 | \$0 | \$0 | \$0 | \$0 |
| Business retention and expansion | \$2,948 | \$1,000 | \$990 | \$704 | -\$296 |
| PennPORTS | \$378 | \$398 | \$0 | \$0 | \$0 |
| PennPORTS operations | \$1,286 | \$775 | \$394 | \$379 | -\$19 |
| PennPORTS-Port - pitt | \$2,453 | \$895 | \$767 | \$738 | -\$37 |
| PennPORTS-Port - erie | \$5,333 | \$2,628 | \$886 | \$852 | -\$43 |
| PennPORTS-Philadelphia port authority | \$4,525 | \$4,606 | \$2,602 | \$2,503 | -\$125 |
| PennPORTS-Philadelphia port authority debt | \$272 | \$0 | \$4,606 | \$4,606 | \$0 |
| PennPORTS-Piers | \$363 | \$100 | \$0 | \$0 | \$0 |

| | | | | | |
|--|-----------|-----------|-----------|-----------|-----------|
| PennPORTS-Navigational | \$1,600 | \$250 | \$99 | \$95 | -\$5 |
| Goods movement and intermodal coordination | \$3,747 | \$375 | \$247 | \$238 | -\$12 |
| Land use planning | \$600 | \$500 | \$371 | \$357 | -\$18 |
| Intergovernmental cooperation authority | \$13,268 | \$18,268 | \$495 | \$476 | -\$24 |
| Opportunity grant program | \$18,240 | \$9,000 | \$25,000 | \$17,828 | -\$440 |
| Customized job training | \$543 | \$0 | \$11,000 | \$8,658 | -\$342 |
| Keystone innovation zones | \$2,699 | \$0 | \$0 | \$0 | \$0 |
| Workforce leadership grants | \$21,000 | \$15,000 | \$0 | \$0 | \$0 |
| Infrastructure development | \$2,150 | \$500 | \$19,000 | \$14,877 | -\$123 |
| Shared municipal services | \$9,000 | \$0 | \$495 | \$476 | -\$24 |
| Local government resources and development | \$15,405 | \$11,250 | \$6,000 | \$6,000 | \$0 |
| New communities | \$10,000 | \$10,000 | \$10,000 | \$8,934 | -\$2,316 |
| Enterprise communities | \$644 | \$309 | \$0 | \$0 | -\$10,000 |
| Community Action team | \$3,922 | \$1,556 | \$306 | \$295 | -\$14 |
| Industrial Development Assistance | \$6,788 | \$4,000 | \$1,540 | \$1,732 | \$176 |
| Small Business Development Centers | \$6,677 | \$8,000 | \$3,600 | \$4,000 | \$0 |
| Tourist Promotion | \$8,260 | \$0 | \$5,750 | \$5,506 | -\$2,494 |
| Regional Marketing partnership | \$39,550 | \$0 | \$0 | \$0 | \$0 |
| Community revitalization | \$18,750 | \$0 | \$0 | \$0 | \$0 |
| Urban Development | \$2,000 | \$0 | \$10,558 | \$10,558 | \$0 |
| Community and business assistance | \$96 | \$0 | \$9,000 | \$9,000 | \$0 |
| Market development | \$28,000 | \$29,500 | \$0 | \$0 | \$0 |
| Community Services Block Grant | \$700 | \$200 | \$29,500 | \$29,500 | \$0 |
| Super Computer Center | \$2,600 | \$1,000 | \$0 | \$0 | -\$200 |
| Minority business development | \$14,100 | \$7,650 | \$0 | \$0 | -\$1,000 |
| Industrial resource centers | \$900 | \$0 | \$6,885 | \$6,885 | -\$765 |
| Manufacturing and Business Assistance | \$747,266 | \$677,876 | \$0 | \$0 | \$0 |
| PENNTAP | | | \$505,835 | \$595,297 | -\$82,579 |
| Environmental Protection total: | \$316,784 | \$469,837 | \$470,189 | \$464,163 | -\$5,674 |
| Revenue | | | | | |
| General operations | \$142,795 | \$142,877 | \$141,448 | \$135,153 | -\$7,724 |
| Technology and process modernization | \$4,360 | \$18,200 | \$23,800 | \$15,869 | -\$2,331 |
| Revenue enforcement | \$0 | \$0 | \$0 | \$0 | \$0 |
| Revenue total | \$181,509 | \$198,602 | \$203,881 | \$189,655 | -\$8,947 |
| PHC4 | | | | | |
| General | \$3,753 | \$2,844 | \$2,816 | \$2,710 | -\$134 |

A full listing of appropriations can be found by [clicking here](#).

A school district basic education allocation can be accessed by [clicking here](#).