

# LEG REG REVIEW

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*LEG REG REVIEW is a periodic newsletter produced by Vince Phillips who retired from active lobbying after 31 years of advocacy in Harrisburg. It contains news on the legislative and regulatory scene in Pennsylvania that may be of interest to the Insurance and Business Communities. Annual subscriptions are \$100 and information may be obtained by contacting PHILLIPS ASSOCIATES at 717/728-1217 or e-mail to [xenobun@aol.com](mailto:xenobun@aol.com).*

### HOUSE PASSES STATE BUDGET

On June 5, the PA House passed **House Bill 611** (Harris-D-Phila.) by a vote of 102-101 with Democrats voting in the affirmative and Republicans voting no.

### BUDGET OUTLOOK MIXED GIVEN MAY RECEIPTS

As the Senate takes up the State Budget, a key barometer for the GOP position that HB 611 means woeful fiscal times ahead are collections for May. The results are mixed with year-to-date collections exceeding expectations by \$1.2 billion, 2.9% above estimate. However, May's collections were less than expected, coming in at \$46.1 million, or 1.4% below the estimate. The overall revenues provide encouragement to those seeking to expand spending in areas such as education and human services (Medicaid). However, looking at comparisons between the last several years increases worry about whether or not PA should save more now given budget shortfalls in the next few years projected by the Independent Fiscal Office. There is one month left of the current Fiscal Year (FY).

<u>Collections May 2023</u>	<u>Above/Below Estimate</u>	<u>Collections May 2022</u>	<u>Collections May 2021</u>
\$3.3 billion	1.4% less	\$3.23 billion	\$3.9 billion

<u>Collections by Type of Tax</u>	<u>May 2023</u>	<u>Above/Below</u>	<u>May 2022</u>	<u>May 2021</u>
Sales	\$1.1 billion	\$49.2 million below	\$1.2 billion	\$1.2 billion
Personal Income	\$1.3 billion	\$8.6 million above	\$1.1 billion	\$1.9 billion
Corporation	\$445.4 million	\$28.5 million below	\$476.6 million	\$417.5 million
Inheritance	\$131.4 million	\$14.1 million above	\$132 million	\$136 million
Realty Transfer	\$50.3 million	\$13.9 million below	\$69.3 million	\$56.9 million
Motor License Fund	\$280.8 million	\$27.2 million below	\$301.1 million	\$236.2 million

“Sin” taxes (cigarettes, gaming, malt beverage, liquor) in May 2023 generated \$167.3 million. This was \$22 million below estimate.

<u>Year-To-Date Tax Revenues</u>	<u>Above/Below Estimate</u>
Sales	\$12.8 billion 1.4% above
Personal Income	\$16.2 billion 2.4% below
Corporation	\$7.7 billion 16.9% above
Inheritance	\$1.4 billion 3.8% above
Realty Transfer	\$579 million 15.9% below
Motor License Fund	\$2.7 billion 1.5% above
“Sin’ Taxes	\$1.5 billion 0.6% below

### USEFUL BUDGET TOOLS

When looking at the State Budget debate, you may find these resources to be of value:

- **House Bill 611** (Harris-D-Phila.) is the Shapiro Budget proposal as amended on June 5. It provides line-item information on expenditures. Don't get too daunted by its 392 pages. Link:

<https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2023&sessInd=0&billBody=H&billTyp=B&billNbr=0611&pn=1434>.

- **House Democratic Budget Summary.** This is more useful because it is concise (21 pages) and gives information for the current Fiscal Year (2022-23) as well as the HB 611 numbers.

[https://houseappropriations.com/files/Documents/LTR%20And%20Spread%20Sheet%20HB611%20A00793%20--%202023-06-05\\_02-00-45.pdf](https://houseappropriations.com/files/Documents/LTR%20And%20Spread%20Sheet%20HB611%20A00793%20--%202023-06-05_02-00-45.pdf).

- **In addition, there is a three-page Fiscal Note** which provides funding by category/special fund without line-item detail. For example, the current FY shows \$40.1 billion in state money plus \$38.9 Federal dollars. Column 2 is for the proposed FY 2023-24 State Budget beginning July 1, 2023. It shows \$44.4 billion in state money plus \$42.4 billion in Federal dollars for the General Fund. Column 3 gives the proposed change in the next FY: \$4.3 billion increase in state spending plus \$3.5 in Federal money. Link:

<https://www.legis.state.pa.us/WU01/LI/BI/FN/2023/0/HB0611P1120.pdf>.

## SENATE BANKING & INSURANCE MOVES INSURANCE PRIVACY BILL

On June 5, the Senate Banking & Insurance Committee reported out **House Bill 739** (Boyle-D-Phila. and Pickett-R-Bradford). The PA Insurance Data Security Act establishes additional Insurance Department oversight over licensees requiring that a data security risk assessment ('stress test) take place except for risk retention groups and smaller licensees (see page 25). However, exemptions for the risk assessment do not affect a licensee's notification to the Insurance Department responsibility if there is a cybersecurity incident.

A LEG REG Review subscriber correctly pointed out that if a licensee is already regulated by HIPAA for protection of personal health information, it should already be compliant with HB 739. A link follows:

<https://www.legis.state.pa.us/CFDOCS/Legis/PN/Public/btCheck.cfm?txtType=PDF&sessYr=2023&sessInd=0&billBody=H&billTyp=B&billNbr=0739&pn=0688>.

## FAMILY CARE STATE INSURANCE PROPOSED

On the House Labor & Industry Committee agenda this week is **House Bill 181** (D. Miller-D-Allegheny). This legislation would establish a state-run paid family leave plan supported by all workers through payroll deductions. The Family Care Act plan would be regulated by the PA Department of Labor & Industry.

## COMMITTEE MOVES LTC BILL

On June 5, the House Aging & Older Adult Services reported out **House Bill 1300** (Mehaffee-R-Dauphin) by a vote of 21-0. It would add another member to the Long-Term Care Council. This person would be the Department of Aging's State Long-Term Care Ombudsman.

## A NOTE FOR AGENTS SELLING FUNERAL/CREMATION INSURANCE...

If you work in this market, be aware that **House Bill 1246** (Malagari-D-Montgomery) is on the June 7 agenda of the House Professional Licensure Committee. The bill would lower minimum operating temperature from the required 1800 degrees (*for crematories placed into operation after April 17, 1989*) to 1600 degrees. According to the prime sponsor, crematorium use has increased dramatically from 17.1% in 1989 to 56.6% in 2019. Although business has increased, the higher mandated temperature meant greater costs for smaller family-owned crematoriums which they say is unsustainable.

## COMING UP

- **ACA:** The House Insurance Committee plans to meet June 12 to consider **House Bill 1050** (Boyle-D-Phila.). This would ensure preventive care mandates under the Affordable Care Act (ACA) to continue in PA if the ACA is voided because of a change in Federal law or court ruling.
- **Insurance Requirement:** **House Bill 390** (Galloway-D-Bucks) is a licensing bill for plumbers. It contains a provision that those who are seeking the title of Master Plumber will provide documentation that they carry Workers Compensation insurance and a \$500,000 liability insurance policy.