

Gordon Denlinger

STATE REPRESENTATIVE
SERVING THE 99TH LEGISLATIVE DISTRICT

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Fall 2011

Dear Neighbor,

With the first quarter of the 2011-12 legislative session behind us and a busy legislative agenda for the fall session under way, I want to take this opportunity to update you about what has happened in Harrisburg and what is expected to receive attention before the end of the year.

The amount of progress we made in the House this year is unprecedented, with 150 bills passed in the first six months of session. Gov. Tom Corbett has signed 75 bills into law, including PennWATCH, lawsuit abuse reform and unemployment compensation reform. Much of what we have undertaken are good-government proposals to provide mandate relief to school districts, reform our welfare system, ban dangerous synthetic drugs marketed as bath salts and allow citizens greater access to government spending information.

An important initiative that was passed by the House but is still awaiting Senate action would close loopholes in Pennsylvania's Megan's Law that allow out-of-state and homeless sex offenders to avoid registering with the state police. I am hopeful the Senate

will address this issue before the end of the year.

Another proposal that must be passed by the end of the year would reauthorize the popular Volunteer Fire Company and Volunteer Ambulance Service Grant program before it expires on Dec. 31. I am co-sponsoring the legislation to continue this successful program and another bill to increase the total available grant funding from \$25 million to \$40 million. The program is supported by state gaming proceeds, not taxpayer dollars.

As you read the rest of this newsletter, please do not hesitate to contact me if you have any questions. It has been, and continues to be, my honor to exchange ideas with the citizens of Lancaster County, whom I humbly represent.

Yours in Public Service,

Gordon R. Denlinger
State Representative, 99th District

You're Invited to My Open House

In September, I opened the doors to my new office in the former Mountain Springs Hotel. We moved the location of the office to be more accessible to the public, with the goal of offering state services to a greater number of citizens.

On Thursday, Oct. 27, I will host an Open House at the new location. This is your opportunity to tour the facility, meet my staff and discuss with me your priorities for our district and our Commonwealth.

Thursday, Oct. 27

9 a.m. to 4:30 p.m.

Suite 301, 390 East Main St. in Ephrata

No RSVP is necessary to attend, and light refreshments will be available.

The Mountain Springs Hotel is listed on the National Register of Historic Places. Today, through a successful public-private partnership, this property serves as a focal point of the revitalization of downtown Ephrata.

I look forward to seeing you at my Open House and continuing to serve you in the 99th District.

I will continue to provide residents excellent constituent services, including assistance with:

- PennDOT paperwork.
- Birth certificate and death certificate applications.
- State maps and publications.
- Programs for senior citizens.
- Legislative inquiries.
- Contacting state agencies and departments on behalf of citizens.

My office hours will remain Monday through Friday, 9 a.m. to 4:30 p.m.
You can contact the office by telephone at (717) 733-4002.



PENNSYLVANIA'S BUDGET: A PLAN FOR NOW AND FOR THE FUTURE

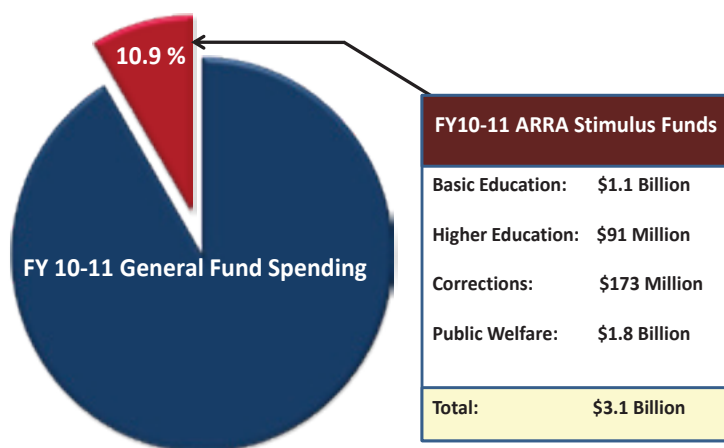
On June 30, Gov. Tom Corbett signed a new budget into law for the 2011-12 fiscal year. I want to take this opportunity to provide you with facts about this budget and to dispel some of the myths surrounding our Commonwealth's new spending plan. Following is a breakdown of what was included or eliminated from this budget and how it will impact our daily lives.

SPENDING: Pennsylvania lawmakers held overall General Fund spending to \$27.15 billion in this budget, which represents a \$1 billion reduction from last year. We believe spending grew at an unsustainable rate under the previous administration, so the 2011-12 budget is our attempt to rightsize state government.

TAXES: The new budget will not rely on any new or increased state taxes. Raising taxes was never an option during this process because taxes stifle job creation, which we desperately need to foster economic recovery.

LOSS OF STIMULUS FUNDS: During the height of the economic downturn, the federal government gave billions of dollars in aid to states. Many legislators wanted this money to be used only for one-time expenditures or for infrastructure improvements. Former Gov. Ed Rendell did allocate some of the funding in this manner, but he also poured billions of dollars into public education.

IMPACT OF EXPIRING FEDERAL FUNDS:

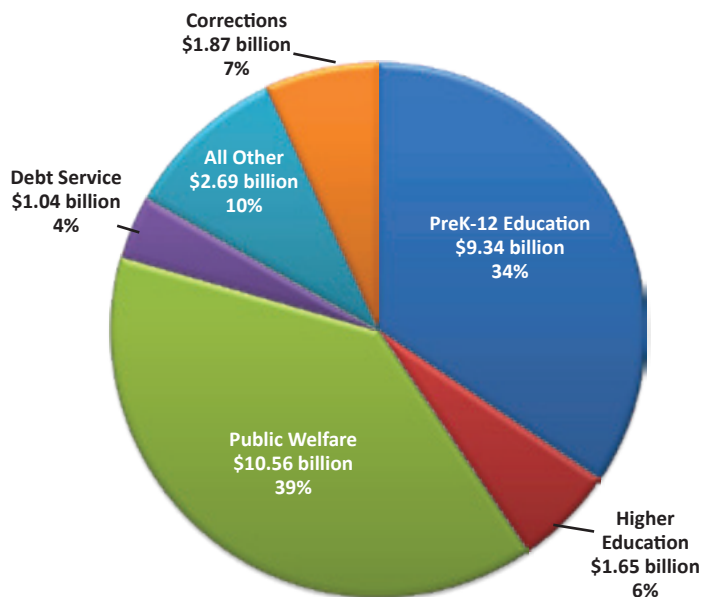


EDUCATION: We were successful in increasing the governor's request for education funding; however, Pennsylvania did not have the resources to compensate for the loss of \$1.1 billion in federal aid for education. During the last budget cycle, lawmakers cautioned school districts not to become reliant on federal money and urged them to allocate this extra funding to one-time expenditures. In addition to restoring some public education money, we also were able to increase funding for higher education above the governor's initial proposal.

PROPERTY TAXES: In an effort to protect property taxpayers, Special Session Act 1 of 2006 was amended as part of the budget agreement. The new provision will limit the number of exceptions by which school districts can increase property taxes above the state-set inflationary index without seeking voter approval. Where previously 10 exceptions existed, now only three remain. The legislation also places standards on the remaining exceptions so they are no longer rubberstamp formalities automatically approved by the Department of Education. This is just the first step in our effort to overhaul Pennsylvania's public school funding system.

WELFARE: One of the bright spots in this budget was the effort to finally get a handle on out-of-control welfare spending. We were able to reduce the governor's welfare request by \$400 million, sending a portion of this money instead to education programs. Some of the cost-saving measures include prohibiting benefit shopping by welfare applicants, better management of the special allowances program and the implementation of an Income Eligibility Verification System. We will also begin drug testing any welfare recipient who has had a felony drug conviction in the past five years.

GENERAL SPENDING: \$27.15 BILLION



SO-CALLED SURPLUS: For the first time in several years, Pennsylvania's revenue collections actually exceeded expectations. This left us with a \$785 million balance for the 2010-11 fiscal year. Some lawmakers, calling this balance a surplus, wanted to use this \$785 million. Unfortunately, Pennsylvania has more than \$50 billion in unfunded liabilities with which to contend. These include \$4 billion owed to the federal government for unemployment compensation assistance, almost \$30 billion needed to appropriately fund public pensions, and nearly \$13 billion in long-term debt. To put it in mathematical terms:

$$\begin{aligned}
 &785,000,000 (\$785 \text{ million}) \\
 &- \underline{50,000,000,000 (\$50 \text{ billion})} \\
 &- 49,215,000,000
 \end{aligned}$$

Negative \$49.2 billion is not a surplus!

LOOKING AHEAD: One of our goals with this budget was to map out a sensible spending plan for this year, and also to look ahead to Pennsylvania's future. This budget is about sustainability now and for years to come. Fiscal responsibility is the new motto. With the new year under way, we are now examining ways to further streamline state government and to continue to enhance our appeal to employers. This budget lays the groundwork for a return to prosperity, and I am proud to have been a part of it.

FIGHTING FOR YOU IN HARRISBURG

As a conservative, I believe government at all levels needs to be limited to its core functions. We can support these core functions with fewer taxes if we streamline government and allow the private sector to grow and succeed. I have introduced the following bills because I believe they will not only improve Pennsylvania government, but they also will have a genuine positive impact on you as a citizen of this great Commonwealth.

If you have any questions about the proposals summarized on this page, feel free to contact my office at (717) 733-4002.

PHASING OUT THE INHERITANCE TAX

The Tax Reform Code of 1971 is Pennsylvania's law regulating every tax collected by the Commonwealth. The act contains provisions for tax rates, tax credits and everything in between.

The Tax Reform Code has been amended many times to alter tax rates and create new programs. I have introduced legislation to amend the law again, this time to phase out Pennsylvania's Inheritance Tax.

The Commonwealth is one of only nine states to still impose this type of tax (the federal government has its own version). While the state does not tax inheritance transferred between spouses, it does levy a 4.5 percent penalty on children inheriting property. Siblings are taxed at 12 percent, and all others are subject to a 15 percent tax. There is no upper or lower threshold on the tax, meaning every dollar a person inherits is subject to taxation.

My House Bill 1614, which has bipartisan support, would gradually reduce the tax rate on each category of inheritor until it would be completely eliminated in the year 2015.

Currently, the Inheritance Tax represents 3 percent of our total revenue collections. I believe we can account for the loss of this tax through further government reforms and efficiencies.

I introduced the legislation because Pennsylvanians should have the right to pass on property to their heirs without the government putting out a hand for its share. The tax is especially harsh to inheritors of agricultural property, who are often land rich but cash strapped. In a time when we are trying to maintain our farming community, this tax is contrary to our preservation goals.

The legislation is currently awaiting action by the House Finance Committee. Similar measures have been approved in the House in years past but have never made it through the legislative process. I am hopeful that this will be the session during which we can finally eliminate the so-called death tax. Gov. Tom Corbett has expressed support for the elimination of the Inheritance Tax in the past, and I believe if we can get the legislation to his desk, he will sign it.

LAWSUIT ABUSE REFORM IS VITAL TO JOB CREATION

This summer, Gov. Tom Corbett signed into law an important lawsuit abuse reform measure when he authorized the Fair Share Act.

The Fair Share Act would hold a defendant in a civil lawsuit financially responsible only for his or her fair share of the damages. This means if a defendant is found to have a 10 percent share in the responsibility for an injury, that defendant would pay only 10 percent of the jury award. Before the enactment of the law, a defendant with minimal liability in a claim could be forced to pay up to 100 percent of the damages if other more responsible parties did not have the ability to pay.

While the Fair Share Act is a great step forward for lawsuit abuse reform, more needs to be done to clean up Pennsylvania's inhospitable civil justice system, which employers have identified as a major obstacle to opening shop in the Keystone State.

In an effort to further correct disparities in the civil justice system, I have introduced House Bill 304, which would cap the amount of time by which a plaintiff could file a lawsuit to recover damages for injury or economic loss to 15 years from the date of delivery of the product or date of completion of modifications to a product.

The legislation would not apply to situations in which an enforceable written warranty is in place or if a product causes physical illness that did not appear before 15 years after the purchaser's first exposure to it.

People deserve to be justly compensated if they are injured by a defective product; however, it is reasonable to limit the amount of time for which claims can be made against manufacturers.

House Bill 304 is currently awaiting the consideration of the House Judiciary Committee.

ROOTING OUT WELFARE FRAUD

The House has worked diligently to reform practices and programs within the Department of Public Welfare (DPW), and of the eight bills we put forth this spring, four of our welfare reforms are now law. Many of the proposals are aimed at closing loopholes within programs that allow people to use benefits for unspecified purchases or over-collect on benefits.

Pennsylvania's welfare budget represents nearly 40 percent of total spending and is the largest expenditure of state funds. The DPW budget grew at an alarming rate over the past eight years, and the economic downturn has increased the number of people turning to the government for help to make ends meet.

To make matters worse, DPW has been accused in the past of loosely adhering to practices and standards to prevent fraud and abuse of taxpayer-funded programs. The previous administration had a reputation for using the motto "close your eyes and authorize" when questionable benefit applications were submitted. This culture has led to millions of dollars in identified fraudulent claims.

Due to the extent of fraud occurring within the department, I have authored House Bill 1483, which would require the auditor general to oversee a complete fraud examination of DPW. The audit would include an inspection of the practices and policies of the department and how they affect the potential for fraud, along with recommendations on changes that can be made to increase efficiencies and deter fraud and misconduct.

The steps we have already taken to control our welfare budget are phenomenal, and I believe combining those proposals with a comprehensive examination of the department's practices will make for a more efficient and economical department.

House Bill 1483 is awaiting the consideration of the House Health Committee. It has received support from both Republican and Democrat members of the House.

As the House Majority Policy Committee's Job Creation Team chairman, I conducted a hearing this summer to study Pennsylvania's regulatory environment and its impact on job creation. If we want to get people back to work, we must address the concerns of employers. Government cannot create jobs, but it can create an environment that encourages the private sector to start hiring again.



NEW PENNWATCH LAW WILL ALLOW CITIZENS TO INSPECT GOVERNMENT SPENDING

Thanks to a new state law, Pennsylvania citizens will soon have access to a public Internet database of state spending.

Act 18 of 2011 establishes an online, searchable database of all state government expenditures, known as Pennsylvania Web Accountability, Transparency and Contract Hub, or PennWATCH. This will help show the taxpayers of Pennsylvania that we are committed to openness, transparency and accountability in state government.

By the end of 2012, PennWATCH must provide the following information regarding each funding action or expenditure paid to a Commonwealth agency or other entity from federal or state funds:

- The name and address of the agency or other entity receiving funding.
- The amount of the funding action or expenditure.
- The agency initiating the funding action or expenditure.
- The appropriation from which the funding action or expenditure is paid.
- The funding source.
- A counter to show the number of visitors to the site.

In addition, the website must show at the end of each month all federal and state revenue received and deposited in the State Treasury during the previous month. PennWATCH must also include a link to each agency's website, where available.

In the years 2013 and 2014, additional detailed information about state expenditures will be available on the site.

Once fully operational, the PennWATCH website will list all state government expenditures within the Commonwealth, and the public can search the site at no cost.

This legislation was supported unanimously by both the House and Senate and signed by Gov. Tom Corbett in late June. I co-sponsored the legislation and am glad to see one of the House's integral state government reform measures enacted.

BRINGING NATURAL GAS TO A FILLING STATION NEAR YOU

Pennsylvania sits atop a pocket of natural gas that exceeds the energy found in the oil fields of the Middle East. The gasoline we use to power our cars is expensive, pollutes the Earth and much of it is imported from foreign nations. The technology exists to run motor vehicles using natural gas, and I believe motorists would benefit from efforts to make natural gas vehicles and fueling stations accessible.

I have introduced House Bill 1087 to create the Natural Gas Corridor Tax Credit, which would offer tax credits to new and existing fuel stations that use compressed natural gas fueling technology and make it accessible to the public. To be eligible for the credit, the fueling station would need to be located within two miles of an eligible corridor, which would include major highways, such as Interstate 76 and Interstate 83.

Natural gas burning vehicles cause less corrosion and wear on engines, have cleaner emissions and are more energy efficient. Unlike ethanol-blended fuel, natural gas does not impact food prices at the grocery store or the feed prices farmers pay.

The natural gas being extracted from the Marcellus Shale represents a great opportunity for Pennsylvania to create jobs, produce our own energy and reduce pollution. The challenge is for us to help the public access and harness this cleaner-burning fuel.

The United States is already the world leader in natural gas production, and Pennsylvania could become one of the highest producing states. I believe House Bill 1087 will put Pennsylvania on the cutting edge of energy policy in the nation.

The legislation, which is supported by both Republican and Democrat colleagues, is currently awaiting the consideration of the House Finance Committee.



This spring, I unveiled my House Bill 1087 at the State Capitol as part of the Marcellus Works package, which promotes clean energy growth.

DID YOU KNOW?

- In 2010, the U.S. imported 4.25 billion barrels of foreign oil.
- The cost of importing oil totals \$337 billion, or \$1,091 for each person in America.
- Converting just one heavy-duty waste truck from diesel to natural gas offers the emissions reduction equivalent of taking 325 cars off the road.
- At the end of 2010, only 24 natural gas refueling stations were operational in Pennsylvania.
- Because natural gas is cleaner than gasoline, engines can last for up to 500,000 miles.



Since natural gas production ramped up in Pennsylvania, I have worked with my colleagues to enhance the state's efforts to use the industry to promote job creation and clean energy policies.

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