

Legislative UPDATE

BUDGET 2008-2009

From State Senator Joe Scarnati



Dear Friend:

One of my most important jobs as your Senator and President Pro Tempore of the Senate is to negotiate and pass a state budget.

It hasn't been an easy task in recent years, with a downturn in revenues and a sluggish economy. But this year, I am pleased to report that the Legislature passed a new state budget that holds the line on spending. For the second year in a row, we succeeded in ensuring that the state budget includes no new taxes, no tax increases, and no excessive spending.

During negotiations with the House and the Governor's office, I fought to ensure that the budget we passed was fiscally responsible. It protects vital existing services while limiting expenditures for expensive new proposals and entitlement programs. In addition, we fought off efforts to tap the state's Rainy Day Fund to pay for increased spending.

“This year's budget will allow us to weather the current economic downturn without raising taxes.”

The final budget makes new investments in public education and our infrastructure systems, such as bridges, dams, and water and sewer projects. Overall, the 3.98 percent increase in spending is about or slightly below the rate of inflation.

I believe this year's budget represents a fiscally responsible plan for our state residents, one that will allow us to weather the current economic downturn without taking more money out of the pockets of Pennsylvanians already struggling with skyrocketing gas and food prices. We are moving in a direction of making the Commonwealth more competitive and more stable.

Enclosed is more information on various programs in this year's budget.

Sincerely,
A handwritten signature in blue ink that reads "Joe Scarnati".

Scarnati Fights for NO New Taxes in Budget

The new spending plan for fiscal year 2008-2009 includes no tax increases, no new taxes, and no excessive spending. The budget recognizes the fiscal realities of working families and job creators and makes new investments in education and our infrastructure. Here are some highlights of the plan.

HELPING JOB CREATORS

There are approximately \$300 million in tax cuts for job creators to assist them in improving the job climate. Senate Republicans stood firm in ensuring that the Commonwealth honored its commitment to Pennsylvania's employers and job creators by maintaining the scheduled reduction of the onerous Capital Stock and Franchise Tax. The Administration had proposed slowing the reduction, which would have cost employers an estimated \$40 million in FY 2008-09.

MORE EQUITABLE EDUCATION FUNDING

One of the key elements in the FY 2008-09 budget is a more equitable proposal for funding basic education in Pennsylvania. More than 100 of Pennsylvania's 501 school districts would have seen a minimal increase of 1.5 percent in their basic education subsidies under the Administration's proposal. I pushed for the current plan, which ensures that every school district in Pennsylvania receives at least a 3 percent increase in its basic education subsidy.

The budget increases education funding by 5.5 percent – or nearly \$275 million – without raising taxes. It also sets a goal of spending an additional \$2.6 billion over six years to help ensure that all students have adequate resources.

INVESTING IN INFRASTRUCTURE

The budget provides for borrowing to make much-needed investments in public infrastructure, such as bridges, dams, and water and sewer projects. In particular, \$350 million is set aside to make critical improvements to 400 bridges across the state. In addition, the voters will have the opportunity to participate in a referendum that would invest \$400 million in new water and sewer projects across the Commonwealth.

VETERANS ASSISTANCE

The budget raises funding for the Veteran Service Officers Grant Program from \$450,000 to \$1.67 million – more than a 350 percent increase. The increased funding will enable Pennsylvania to be more aggressive and effective in providing veterans outreach services.

TAX CREDITS FOR VOLUNTEER FIRE AND EMS WORKERS

Volunteer fire and emergency medical services workers will benefit from a one year personal income tax credit of \$100. The tax credits, totaling \$4.5 million, will help volunteer fire companies and emergency medical services companies recruit and retain members.

FUNDING CORE PROGRAMS AND SERVICES

While spending is reduced across the board in this budget, I successfully fought to restore state support for essential services and programs such as neonatal hospitals, burn centers and critical care access hospitals.



Senator Scarnati talks with constituents during his recent Senior Expo.



Senator Joe Scarnati's Legislative Offices

Senate Box 203025, Harrisburg, PA 17120-3025 • (717) 787-7084 • FAX (717) 772-2755
315 2nd Avenue, Suite 203, Warren, PA 16365 • (814) 726-7201 • FAX (814) 726-7012 • Toll Free (877) 787-7084
410 Main Street, Brockway, PA 15824 • (814) 265-2030 • FAX (814) 265-2040
5 Main Street, Wellsboro, PA 16901 • (570) 724-5231 • FAX (570) 723-5119

Website: senatorscarnati.com