

Tax Reform

- [To Cut The Debt, The GOP Should Focus On Health Care Costs, FiveThirtyEight, 1/11/2018](#)
- [Does the newly signed Republican tax reform law mean \\$1,000 or more per year for Americans?, Politifact, 1/10/18](#)
- [NY lawmakers offer bill to restore state and local tax deduction, The Hill, 1/9/2018](#)
- [Trump tax law poised to create windfall for states, The Hill, 1/9/2018](#)
- [Charities trying to gauge impact of federal tax reform on giving, The Detroit Free Press, 1/9/2018](#)
- [Tax reform could hurt charitable giving with fewer itemizing deductions, The Journal News, 1/4/2018](#)
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Tax Overhaul Takes Effect, Senate Finance Committee Chairman to Retire

On Dec. 22, 2017, President Trump signed the [tax reform bill](#) into law—with all changes under this legislation set to take effect on Jan. 1 (see here for a [summary of how this legislation impacts philanthropy](#)). Though the overhaul has become the law of the land, Congress will likely still pass an additional bill to [correct technical errors](#) that appear in the legislation—which will require 60 votes to pass in the Senate, and therefore, require Democratic support. Chairman of the House Ways and Means Committee Kevin Brady (R-TX) has indicated his preference to limit the bill to make only necessary changes, but [Democratic leaders have suggested](#) that they may push back.

- *Source: Washington Snapshot – January 4, 2018*

Deadline to Pass FY '18 Spending Measure Looms

On Dec. 22, Congress passed a temporary stop-gap measure that funds the government through Jan. 19 and avoids a shutdown. As the Senate returned from their holiday recess yesterday and the House returns next week, House and Senate leaders face a tight deadline to prevent the government from grinding to a halt. Yesterday afternoon, the four congressional leaders—House Speaker Paul Ryan (R-WI), House Minority Leader Nancy Pelosi (D-CA), Senate Majority Leader Mitch McConnell (R-KY), and Senate Minority Leader Chuck Schumer (D-NY)—met with representatives from the White House to begin negotiations on a funding bill for the rest of fiscal year (FY) 2018.

According to [The Wall Street Journal](#), “Aides to the top congressional leaders have been meeting with White House staff including Mr. [Marc] Short [White House director of legislative affairs] for weeks, but GOP leaders were focused on passing the tax overhaul, which squeaked

through both chambers late last month. Now with the tax bill out of the way, aides said they were optimistic lawmakers could get closer to striking a budget deal, though sticking points remain.”

The potential sticking points include: raising the sequester budget spending caps that are set to kick-in due to a 2011 budget deal—(Congress has reached multiple deals since 2011 to avert the across-the-board spending caps from being triggered); legal protections for children who were brought undocumented into the U.S. that had been protected under the Deferred Action for Childhood Arrivals program (DACA), which was ended in September by President Donald Trump; and a reauthorization of the recently expired Children’s Health Insurance Program (CHIP).

- *Source: Washington Snapshot – January 4, 2018*

State Legislatures Convene to Confront Uncertainty Caused by the Federal Tax Bill

January marks the beginning of [legislative sessions](#) in thirty-eight states, and the impact of the federal tax bill enacted just two weeks ago is top of mind for governors and legislators.

Forty [states link their tax laws to the federal code](#), yet the changes will affect states differently and require varied responses for legislatures. For instance, the standard deduction in 12 states automatically went up on January 1 because their tax codes follow the federal standard deduction; eight states match the federal personal exemption, which has now been repealed.

While a few states may initially see increased revenues due to how their tax laws interact with the Internal Revenue Code, many more are predicting losses in tax receipts that could affect their budgets for the current fiscal year that typically ends on June 30. Any one change to federal tax law can knock state budgets out of alignment and the states are in no condition to absorb revenue losses. In 2017, 22 states suffered [revenue shortfalls](#), making them unable to maintain services at existing levels. Growing budget deficits and the need to open up state tax laws make clear that the 2018 legislative session will be challenging for nonprofits and foundations. In “[Nonprofits Must Move Swiftly to Fight for Sound Public Policies](#),” published yesterday in the Chronicle of Philanthropy, Tim Delaney and David L. Thompson of the National Council of Nonprofits translate these challenges into likely policy actions in the states. The article predicts attempts will be made to reconfigure state and local tax laws in ways that lead to new levies on tax-exempt entities, such as additional [fees and payments in lieu of taxes](#) (PILOTs) on nonprofit-owned real estate, penalties on nonprofit salaries, and excise taxes on some endowments.

- *Source: Washington Snapshot – January 4, 2018*

[PA Supreme Court will be hearing oral arguments on January 17th on the redistricting case – League of Women Voters v. The Commonwealth of PA](#)

Gov. Wolf declares opioid disaster emergency in PA.

Saying the move will bolster Pennsylvania's existing response to the opioid crisis, Gov. Tom Wolf on Wednesday declared a state of disaster emergency with regard to opioids.

"While we have made progress in combating the heroin and opioid abuse crisis and drastically expanded Pennsylvania's response, we are still losing far too many Pennsylvanians," said Wolf during a state Capitol press conference.

Wolf is intent on using the declaration to help address what he and many others consider a public health disaster. While weather-related events come and go in a matter of days, the opioid crisis has been around now for years, with few signs of it improving. [Subchapter A of Chapter 73 of Pennsylvania Consolidated Statutes Title 35 \(Health and Safety\)](#) relates to the governor and declarations of "disaster emergencies," and it prescribes a state of disaster emergency may be continued by the governor for no more than 90 days, unless renewed by the governor. A concurrent resolution by the General Assembly may terminate the state of disaster emergency at any time.

Such a state proclamation authorizes Commonwealth agencies to use all available resources and personnel, as necessary, to cope with the magnitude and severity of the situation. The declaration will boost those ongoing opioid efforts "by speeding up and expanding access to treatment, improving tools for families, first responders and others to save lives, and further enhancing coordination and data collection to improve state and local response."

- *Source: Capitolwire: "Gov. Wolf declares opioid disaster emergency in PA." By Chris Comisac*

Legislative GOP and others file respondent briefs with PA Supreme Court in congressional district map case

The Pennsylvania Supreme Court has now received all the arguments, in written form, made by the interested parties in a case challenging the state's current congressional districts.

The petitioners challenging the map drawn and bipartisanly approved in 2011 submitted their brief on Jan. 5, and respondents in the case filed their briefs with the court on Wednesday, all in advance of oral arguments scheduled to begin next Wednesday morning before the court. A federal court in Philadelphia on Wednesday [rejected gerrymandering claims made against the 2011 map in a similar case before the federal courts.](#)

Legislative Republicans, who, for all intents and purposes, controlled the process of drawing the map in 2011, [maintain](#) – noting the state Supreme Court only four years ago agreed - districting is “inherently political” and “there is nothing in the Constitution to prevent” consideration of political factors.

Petitioners – Democratic voters from Pennsylvania’s 18 congressional districts - have challenged the map claiming that more Pennsylvanians have voted Democratic in recent elections but, more Republican candidates have won the state’s congressional seats, which, in their opinion, means the districts have been inappropriately – and unconstitutionally - drawn to favor Republican candidates.

- *Source: Capitolwire: “Legislative GOP and others file respondent briefs with PA Supreme Court in congressional district map case.” by Chris Comisac*

Halfway through FY2017-18, PA revenues continue to produce solid performances.

But concerns remain for the second half of the fiscal year.

Pennsylvania revenues halfway through Fiscal Year 2017-18 continue to far outperform how they did last year, even if it's a bit more difficult to determine how well they are performing for the current fiscal year. According to [the state Department of Revenue](#), collections for the month of December were \$30.1 million less than expected, and that put the Commonwealth slightly – by only \$4.1 million - into the red regarding the agency’s revenue estimates halfway through the 2017-18 Fiscal Year. Last month wasn’t quite as bad from the Independent Fiscal Office’s perspective, with their figures showing revenue sources performed \$67 million above estimate for the month. For the first six months of the fiscal year, revenues were \$95 million more than expected.

The Revenue Department and the IFO are \$97 million apart for December, and just a bit more for the first six months of FY2017-18, but it’s only a relative difference due to the different expectations the two agencies have set for the fiscal year. Both agencies have forecast the state will end FY2017-18 with roughly \$34.75 billion in General Fund revenue – it’s just they expect it to come at different times during the fiscal year.

- *Source: Capitolwire: “Halfway through FY2017-18, PA revenues continue to produce solid performances.” by Chris Comisac*

Act 48 of 2017: Implementation of Performance Based Budgeting

Landmark legislation sponsored by Sen. Bob Mensch requiring all departments and agencies to justify their budget requests was signed into law by Governor Wolf. [Act 48 of 2017](#) will require the Secretary of the Budget and the director of the Independent Fiscal Office (IFO) to establish a schedule of performance-based budget reviews for all agencies at least once every five years. The reviews will include:

- Detailed descriptions of all agency line item appropriations and programs.
- Descriptive information and data related to existing performance measures for appropriations and programs.
- An agency mission statement and goals and objectives for the budget year and successive planning years.
- Any other information as the IFO may require.

Performance reviews will also be required for all state tax credit programs.

Under Act 48, performance measures must include outcome-based measures, including efficiency measures, activity cost analysis, ratio measures, measures of status improvement of recipient populations, economic outcomes or performance benchmarks against similar state programs or similar programs of other states. The new law will also establish an independent Performance-Based Budget Board to review the budget plans developed by the IFO and to make recommendations on how each agency's operations and programs may be made more transparent, effective, and efficient. Act 48 is expected to be implemented during this year's budget process.

- *Source: <http://www.senatormensch.com>*

Legislation

- [HB 1752 Amends Public School Code re postsecondary](#)
- [HB 2003 Amends Wage Law re gratuity](#)
- [HB 2005 Act re Correctional Officer procedures](#)
- [HB 2007 Amends Title 66 re telephone hotline](#)
- [HB 1753 Amends Public School Code re sexual violence](#)
- [HB 2008 Resolution re victims rights](#)
- [HB 2009 Amends Public School Code re bullying](#)
- [HB 2011 Amends Admin Code re IFO](#)
- [HB 2013 Amends Title 72 re Joint Revenue Estimation](#)