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Pennsylvania Legislature Passes Spending Plan to Pay for \$32 Billion Budget

GOVERNMENT, STATE AND LOCAL TAX

BY SCHNEIDER DOWNS PROFESSIONAL

Earlier this week the Pennsylvania Legislature passed a spending plan to pay for the \$32 billion budget it passed in July. Last summer's legislation created a deficit in excess of \$2 billion and a lot of controversy on how to pay for it.

After months of debate and looking at various solutions such as raising and/or expanding existing taxes, creating new taxes, borrowing money or a combination thereof, the senate and house settled on a combination of borrowing and adding gambling licenses. The legislation authorizes a \$1.5 billion loan from the tobacco settlement fund, and generates additional revenue by approving the creation of 10 mini-casinos and allowing video gambling at certain truck stops and airports. Revenue expected from application and licensing fees is estimated to be about \$238 million this fiscal year.

Noticeably absent are any significant tax increases or new taxes such as the gas severance tax Governor Wolf has been asking for ever since he was elected. The legislation does, however, create a sales tax on fireworks and imposes collection requirements for certain online vendors.

The governor, while indicating support for the plan to borrow \$1.5 billion from the tobacco fund, has reserved comment on the gambling legislation until he has had an opportunity to review. To learn more about the PA budget, [contact us](#).

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