

Budget battle looms in Capitol

Tax and health care reform should be top priorities — along with pre-K funding.

Daily Record/Sunday News
York Daily Record/Sunday News

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May 23, 2007 — Assorted thoughts on the state budget negotiations, which are about to heat up in the Capitol:

Gov. Ed Rendell's blueprint — \$27 billion that increases spending by 3.6 percent — will be a tough sell. It includes a bunch of programs that will require what can easily be labeled tax increases — and Republicans, who control the Senate and nearly half the House seats, are already warning the Democratic governor that's unrealistic.

Here are thoughts on some of the budget proposals — with more to come later:

School tax reform: Last week's overwhelming rejection of the property tax shift referendums in all but a handful of school districts shows that both the governor and the Legislature have a long way to go. It would be encouraging if they start heading down the road to the inevitable now rather than later.

The obvious solution for property tax reform is that a much larger piece of school funding must come from the state. Where will the state get the money? From either income or sales taxes.

As it happens, Gov. Rendell has a proposal on the table that would increase the state sales tax from 6 to 7 percent and use half of that revenue for property tax reductions. He's halfway to the solution. State Rep. Eugene DePasquale, D-West Manchester Township, is right to urge all of that money to be used for school funding.

Many people will howl about sales tax hikes. And many of them will be the same people who think school property taxes should be completely eliminated. These folks are noisy, but they should be ignored. They live in a fantasy land where you can eliminate property taxes and not increase any other tax. Tax reform is tax shifting, and anyone who tells you otherwise is ill-advised.

This is one tax hike/shift that state lawmakers can no longer afford to put off.

Pre-K Today: Speaking of education funding, Gov. Ed Rendell has proposed increasing

development.

- Create a new tax on oil companies' gross profits for mass transit spending.
- Higher solid-waste disposal fees to pay for environmental cleanups.

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