



State budget passes

Spending plan approved in time for state paychecks; Pens arena money goes through; smoking ban stalls

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By Tracie Mauriello and Tom Barnes, Post-Gazette Harrisburg Bureau

HARRISBURG -- It came 16 days late, but the state Legislature yesterday finally passed a \$27.2 billion state budget for the fiscal year that began July 1.

The House voted 140-63 last night for the budget, which came after the Senate voted 46-2 in the morning. The bill now goes to Gov. Ed Rendell, who is expected to sign it. Legislators were anxious to act on the budget in order to give state treasury officials time to process paychecks for thousands of state employees that are to go out Friday.

"This is a budget that has no new taxes. This is also a budget that is low in spending," said House Appropriations Chairman Dwight Evans, D-Philadelphia.

Not everyone was as pleased as Mr. Evans with the budget, which was hashed out mostly behind closed doors during late-night meetings with legislative leaders.

State Rep. Paul Clymer, R-Bucks, opposed the spending plan, saying it is light on funding for special education and public transportation.

State Rep. Darryl Metcalfe, R-Cranberry, also voted no.

"This is not a great budget. This budget is excessive in its expenditures and excessive expenditures will lead to excessive taxes and excessive debt," he said during the 30 minutes of public debate that preceded the late-night vote.

The budget boosts spending by 3.2 percent without increasing taxes. It includes funding for pre-school programs, full-day kindergarten and laptop computers in high schools.

The governor expects to sign the budget today, his office said.

Yesterday's passage followed more than two weeks of contentious wrangling that came to a head July 9 when 24,000 state workers were furloughed for one day because Mr. Rendell said he had no authorization to pay them.

He called off the furloughs a day later after a negotiation session was productive enough, he said, to give him confidence that passage was imminent.

"We've talked for a long time and worked hard to get this done and, finally, the 2007-08 budget is on its way to my desk," Mr. Rendell said last night. "It's a spending plan that moves Pennsylvania forward, but it's also a blueprint that is fiscally responsible."

Also last night, in a 140-63 vote, the House approved its version of a ban on smoking in public places and workplaces. The bill was carried by rank-and-file members of both parties and passed without support of leaders of either caucus.

However, the House bill is more restrictive than a weaker one passed earlier by the Senate. The Senate late last night refused to concur with the House ban, then adjourned for the summer, leaving little chance to reconcile the two versions until September, unless Sen. Pro Tem Joe Scarnati calls them back into session.

In other action yesterday:

■ The Senate approved House Bill 1631, which creates the new \$2 billion Gaming, Economic Development and Tourism Fund, which will use a 5 percent tax on slots revenue to finance eight projects in Allegheny County, the first one being a new \$300 million arena for the Pittsburgh Penguins. The House is expected to vote on that bill today.

■ The Senate approved House Bill 842, the school code bill for 2007-08, which includes language giving state Education Secretary Gerald Zahorchak power to reassign 200 students from the now-closed Duquesne High School to two or more nearby districts. That bill also is to be acted on by the House today.

■ The Senate approved House Bill, 1590, a transportation funding plan, which now heads to the House. It would provide an average of \$946 million per year for highways, bridges and mass transit over the next decade. The plan is dependent on increasing tolls on the Pennsylvania Turnpike and getting permission from the federal government to add new tolls on Interstate 80.

In adopting the new budget, GOP senators patted themselves on the back for rejecting all seven tax or fee increases that Mr. Rendell called for in his February budget message. The largest was a call to increase the state sales tax to 7 percent from the current 6 percent, which would have raised \$1.4 billion.

Republican senators also sought to defuse criticism from conservative groups, who often complain about the annual percentage of increase in state spending, which has topped 6 percent annually for most of Mr. Rendell's years as governor.

The new GOP leadership team in the Senate, Joe Scarnati of Jefferson, Dominic Pileggi of Chester and Gibson Armstrong of Lancaster, said they tried hard to keep the spending increase to about the rate of inflation. They said they tried to hold spending down in order to avoid tax increases both this year and in 2008, which is a re-election year for most legislators.

Mr. Pileggi said the new \$27.2 billion budget is only about \$900 million more than the final \$26.3 billion budget for 2006-07, which ended June 30. As always, the two largest items in the budget are education (at \$10.5 billion) and public welfare (at \$9.7 billion).

Mr. Pileggi said that bottom line for 2007-08 is an increase of about 3.2 percent over 2006-07, which is about the rate of inflation and a level that he considered acceptable.

If \$300 million in mass transit funding were to be included in the 2007-08 general fund, the bottom line would rise to \$27.5 billion, which is an increase of about 4.4 percent. Mr. Pileggi said that jump is still below the annual increases in spending that Mr. Rendell had been getting in past years. The mass transit money was part of the 2006-07 general fund, but isn't included in the 2007-08 budget because it was separated out into a new transportation fund.

Senate Democratic leader Robert Mellow of Lackawanna said Republicans shouldn't take much credit for avoiding tax increases.

He said the credit is due to the outstanding performance of the state's economy in the past six months, which increased the state budget surplus from an estimated \$60 million to an actual \$650 million.

The House was to resume debate at 9:30 this morning.

The Senate's next scheduled session is Sept. 17.

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