

# LEGISLATIVE UPDATE



## From State Senator Joe Scarnati

### Scarnati: Let's Cut State Personal Income Tax And Give More Money Back to Working People

In the months ahead, much of our work in the Legislature will involve developing a state budget for fiscal year 2008-2009. Last year, Senate Republicans successfully fought against seven different tax increases proposed by Governor Rendell and kept a lid on state spending.

This year, I believe it is time to give workers a break and allow them to keep more of their hard-earned money by reducing the state's personal income tax (PIT).

The PIT was 2.8 percent in 2003, before Governor Rendell pushed through an increase to the current 3.07 percent.

Now there is growing support among Republicans in the Senate and House to cut that tax as a way to create jobs and return some of the hundreds of millions of dollars in recent budget surpluses back into the pockets of working Pennsylvanians.

The state ended fiscal year 2005-06 with an \$864-million general fund surplus, and fiscal year 2006-07 with a nearly \$650-million surplus.

Reducing the PIT would result in less state revenue initially, but it could spur job growth and improve our economy.

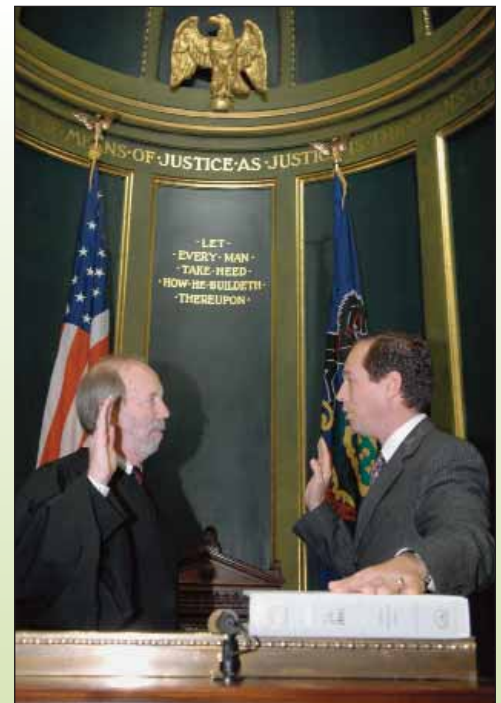
It would save taxpayers hundreds of millions of dollars in overpayments to the state government. I believe our job creators and working families know best what to do with their money – not state government – and I will push to reduce the PIT during upcoming budget negotiations.

### Tax Cuts Will Help Job-Creators

One of our greatest problems here in Pennsylvania is that business taxes are too high, hurting job-creators and workers. I am committed to helping our companies – particularly small businesses – so that they can expand and grow.

Last year, Senate Republicans led the way in fighting proposed tax increases that could have cost jobs. We also continued our commitment to helping job-creators and improving the economy through targeted business tax cuts. The budget included more than \$200 million in tax cuts for Pennsylvania companies.

By accelerating the rollback of the Capital Stock and Franchise Tax, which taxes businesses not on their sales or profits but on their inventory, we are making our state more competitive and providing new jobs for state residents.



*Senator Scarnati is sworn in to his second year as President Pro Tempore of the Senate.*

## Property Tax/Rent Rebate Program

Property taxes are a concern for all Pennsylvanians but particularly for senior citizens on a low or fixed income.

In 2006, the General Assembly approved a law that will provide Pennsylvania's seniors with substantial relief from school property taxes by expanding the Property Tax Relief/Rent Rebate Program using gaming revenues.

This lottery-funded program – one of the most successfully operated by the state on behalf of senior citizens – can be a substantial source of assistance to older people burdened by high rent or skyrocketing property taxes.

Under the law, the eligibility limits for the Property Tax Rent/Rebate Program will rise from \$15,000 to \$35,000, providing tax relief to an estimated 400,000 more Pennsylvanians. The maximum benefit will also increase to \$650, providing an additional \$200 million in rebate payments.

The expanded household income limits and rebate amounts are:

- **\$0 to \$8,000**  
– \$650 rebate
- **\$8,001 to \$15,000**  
– \$500 rebate
- **\$15,001 to \$18,000**  
– \$300 rebate
- **\$18,001 to \$35,000**  
– \$250 rebate

Last year, thousands of residents in my district who were eligible did not apply by the December 31 deadline.

It may be that many residents haven't heard of the program, or they aren't aware that we expanded the income limits to make more people eligible. But I encourage anyone who thinks they may be eligible to look into this program and take advantage of the assistance.



*Senator Scarnati talks with folks at his annual Senior Expo.*

Applications and information can be obtained through the Department of Revenue's website, [www.revenue.state.pa.us](http://www.revenue.state.pa.us), or by calling toll-free 1-888-222-9190. Claimants are reminded to provide all the necessary income, property tax or rental information for their claims to be processed accurately and quickly.

To check on the status of a claim, call the department's automated Information Line at 1-888-PATAXES (1-888-728-2937). Touch-tone telephone service is required. Callers will need their Social Security number and the amount of their rebate. Individuals can also call 1-888-222-9190 between 7:30 a.m. and 5:30 p.m. for assistance.

## Helping Farmers Protect the Environment

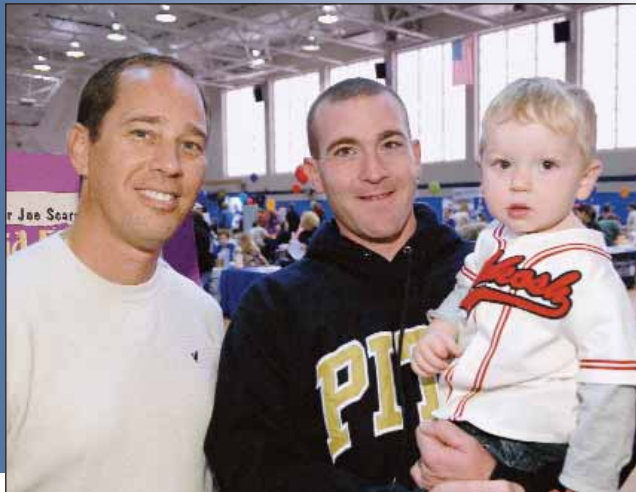
As part of last year's budget, the Senate approved legislation to provide tax credits as a way to support and encourage conservation measures on our farms.

The Resource Enhancement and Protection (REAP) Tax Credit Program will provide transferable tax credits for installing proven and cost-effective Best Management Practices to reduce sediments and pollution coming from farms. These practices include improvements to barnyards and pastures, implementation of nutrient management plans and removal of sediments.

REAP will provide state tax credits worth up to \$150,000 per farm to help producers pay for eligible Best Management Practices (BMP) intended to ease the potential environmental impact of their farming operations. The total amount of credits to be made available during this fiscal year will be \$10 million.

Applicants may receive a tax credit worth 25 percent to 75 percent of the project cost, depending on the BMP selected.

*Senator Scarnati joins constituents at his Kids Fest last October at the University of Pittsburgh Bradford Campus.*



## Education Improvement Tax Credit Benefits Students and Job-Creators

In 2001, Governor Tom Ridge signed into law the Education Improvement Tax Credit (EITC) program, establishing an innovative relationship among businesses, families and schools.

The EITC offers companies a 75 percent tax credit for contributions made to approved scholarship and educational organizations. If a company pledges to contribute for two consecutive years, it receives a 90 percent tax credit for contributions up to \$200,000 a year.

The Education Improvement Tax Credit program empowers parents to choose the best educational setting for their children – it has also been crucial to helping underprivileged children who may have otherwise missed out on the opportunity for success. It also has helped local businesses to contribute to programs

they believe in and receive a tax credit in return. That is a win-win proposition for our kids and our job-creators.

During budget negotiations, Senate Republicans insisted on increasing the successful Education Improvement Tax Credit program from \$59 million to \$75 million. We felt it was an effective use of tax dollars for better education opportunities.

The EITC has a broad reach, in contrast to new, more costly and unproven programs with a much narrower focus. It is very highly praised, and it's working right now in communities across the state. It makes sense to support a major expansion of the EITC program, rather than pushing for costly measures that will result in higher property tax rates but not necessarily higher test scores.

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