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Philadelphia Daily News

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BCAP offices will be closed Thursday & Friday, November 26 & 27

Storm clouds are gathering in Harrisburg over the deal to settle the long state budget impasse. While one group of legislators is still working with Gov. Wolf on hammering out the details of the \$30.6 billion plan, another group has launched a maneuver that could kill the whole deal.

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If that happens it will mean no state budget for the foreseeable future and almost certainly a shutdown of schools and social-service agencies across the state beginning in January - which is when they run out of time and money. Instead of hashing out their problems with the existing budget, several conservative Republicans in the state Senate, along with a few Democrats, have taken a different tack and are pushing a bill that would eliminate local school property taxes.

The premise behind Senate Bill 76 sounds good. Pennsylvanians have long complained about local property taxes, which in most counties are used solely to support public schools. (In Philadelphia, property-tax revenue is split between the district and the city.) Collectively, Pennsylvanians pay a total of \$17.6 billion a year in property taxes, according to the latest U.S. Census data.

Under the tentative budget deal backed by Wolf, \$2 billion is set aside

to reduce property taxes, paid for with an increase in the sales tax from 6 percent to 7.25 percent in most counties. (In Philadelphia, it would go from 8 percent to 9.25 percent.)

Senate Bill 76 easily trumps that cut by proposing to eliminate school property taxes entirely; it would pay for schools by raising the state income tax from 3.07 percent to 4.34 percent and the state sales tax from 6 percent to 7 percent. It also would eliminate many items that are now exempt from the sales tax, including food and clothing.

It's a bad bill for a number of reasons. For one thing, it does not raise enough money to cover the entire bill of eliminating property taxes - in fact, it falls several billion dollars short. No one is saying where that money will come from. For another, it gives a windfall tax break to businesses, who do pay property taxes but not income and sales tax. At the same time, the sales tax is regressive, increasing the tax burden on middle- and low-income people. Finally, it cements the inequity in the way school subsidy money is doled out in the state - using a discredited formula that favors rich districts at the expense of poor ones.

Worst of all, though, is the timing. This bill is supposed to come up for a vote in the Senate this week. If it does - and if it passes - it will have to go to the state House and then to Wolf's desk. Wolf has said he will veto it. But the effect of it moving through the Legislature - at the usual snail's pace - is that it will stop the current deal on the budget in its tracks. In effect, the Legislature and the governor will have to restart negotiations. It took them five months to get the deal we have now.

For practical, political and policy reasons, we urge the Senate to vote down SB76 if it comes up for a vote this week. It needs to be defeated before we can move on to a real deal on the state budget. –
***Philadelphia Daily News* editorial**

Pitcairn (Allegheny Co.) residents who use the borough's cable and Internet service will pay more beginning in January if the borough's proposed 2016 budget, which includes those rate increases, is approved by council next month.

Council on Monday approved a monthly increase of \$5 each for basic cable and Internet services. Residents who have the basic Internet and cable package will see a \$10 increase. Customers with premium channels HBO and Showtime will see an additional \$3 increase for each. The increase is due to the expenses of paying for programming and maintaining the system, council President Jack Bova said. "I wish there was a way to do this without raising fees," Bova said.

The borough isn't legally allowed to use general fund money for cable and Internet expenses, he said. Council discussed in September whether the borough should consider spending \$40,000 to \$50,000 on repairs to the system. Borough Manager Annette Dietz said the rate increases for next year are not to fund those improvements. She said the increases are only to keep the existing services going. – ***Pittsburgh Tribune-Review***

FCC Chairman Tom Wheeler on Tuesday wrote to the chairmen and ranking members of the Senate Commerce and Judiciary Committees

and Sen. Chuck Schumer (D-N.Y.) dismissing concerns they had expressed to Wheeler in October about the chairman's proposal to eliminate the FCC's network nonduplication and syndicated exclusivity rules.

Wheeler's letters to Schumer, Charles Grassley, Patrick Leahy and John Thune said: "An elimination of the exclusivity rules is unlikely to have an immediate effect on programmers, broadcasters, cable companies or consumers. This is because ... current broadcast program contracts and network affiliation agreements normally contain their own exclusivity provisions prohibiting a program from being imported into a market if it is being shown on a local broadcast station. In these circumstances, retaining the exclusivity provisions may well be redundant and a federal intrusion, without cause, into the marketplace."

Wheeler continued: "Faith in the free market would suggest that government get out of the way, absent an indication of harm. Since the rules appear redundant to existing contractual provisions ... their elimination would not be the trigger for such harm. However, the presence of the exclusivity rules prohibits the market from operating in a fair and efficient manner and aggravates the harm to consumers during retransmission consent disputes. "Simply put, there is a possibility that the exclusivity rules protect broadcasters from the marketplace by substituting an anti-market government mandate and in the process contribute to high cable and DBS prices."

NAB Executive VP of Communications Dennis Wharton responded to Wheeler's letters, saying: "Chairman Wheeler's dismissive rejection of the concerns raised by key congressional leaders over his proposal to eliminate broadcast exclusivity rules represents a shocking disregard for the institution that confirmed him.

"Exclusive programming rights allow TV stations to serve communities with quality news and entertainment, a point well understood by Chairmen Grassley and Thune, ranking members Leahy and Nelson, Senators Schumer and Feinstein, and six members of the Congressional Black Caucus. Unfortunately, their concerns have been ignored by an FCC chairman who appears to be on a lone crusade against exclusivity," Wharton concluded. – **TV NewsCheck**



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