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Gov. Tom Wolf's $33.3 billion budget proposal for 2016-17 contains a slew of tax hikes he introduced a year ago, but has yet to see passed by the state Legislature, plus new ones. **Wolf is seeking the tax hikes**, which he says will generate $2.7 billion, to close a $2 billion deficit that state is facing. Here's a run down:

– An 11 percent increase to the personal income tax. Changing the current 3.07 percent rate to 3.4 percent would raise an additional $1.4 billion.
– A 6.5 percent tax on natural gas drillers operating in the Marcellus shale region. Drillers now pay a lower impact fee. A severance tax would raise $217.8 million at current gas prices.

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– A 6 percent sales tax on basic cable TV, movie theater tickets and digital downloads. The new taxes would raise $414.6 million.

– A .5 percent tax on fire, property and liability casualty insurance premiums for individuals and businesses. The new tax would raise $100.9 million.
– A $1 tax on a pack of cigarettes and a 40 percent tax on cigars, tobacco chewers and vaporized e-cigarette smokers, all of which are not taxed now. The taxes would raise $604.1 million.
– An 8 percent tax on casino slot machine and table gaming winnings and a 3.4 percent tax on Pennsylvania Lottery jackpots. The combined taxes would raise $67.2 million.
– An 11 percent increase on the banking industry. The so-called bank shares tax would raise $39.2 million. – ***Allentown Morning Call***

Connect Ohio has had to pull the plug on some of its programs that promote broadband access while state lawmakers continue tinkering with funding for the organization — something that could continue through the spring.

As "Ohio's neutral broadband advocate," Connect Ohio is at the forefront of identifying which consumers could be without basic telephone service as telecommunication companies abandon traditional landline service, said Lindsay Shanahan, executive director of Connect Ohio. "Historically, the legislature has been very supportive of us and our work in the state," Shanahan said. "But we're in a holding pattern to see what's going to unfold."

Lacking funding, Connect Ohio put many of its programs on hold at the end of 2015, Shanahan said. For example, the group has not updated its database that tracks broadband expansion and broadband speed since June 2015. That's a relatively long time to go without an update because telecoms are aggressively expanding their broadband coverage in anticipation of dropping landline service.

Maintaining Connect Ohio's database is essential to the Public Utilities Commission of Ohio as it oversees the telephone network transition, said Terry Etter, assistant consumers' counsel at the Office of the Ohio Consumers' Counsel, in recent testimony before the PUCO. "We encourage the PUCO to help find ways in this process to keep the Connect Ohio database up to date," Etter said.

Other Connect Ohio programs that have not been in operation since the end of 2015 include: federal policy briefings to state and local officials, broadband service coverage validations, and support for broadband inquiries. "The last one is most important," Shanahan said. "That includes calls from residents, businesses and communities. It's people calling us and saying, 'I don't have broadband but I can't afford it so what do I do?' If funding does come through, we will revisit that immediately." Lawmakers continue work on the capital appropriations bill, which isn't expected to be voted on before April. – ***Columbus (OH) Dispatch***

It was the quarter during which Walt Disney Co. released a movie that grossed $2 billion at the box office and drove $3 billion in merchandise sales. But the biggest story for the company that successfully revived "Star Wars" continues to be subscriber trends at its ESPN cable network.

Delving into a level of detail rarely seen at a company worth more than $150 billion, Disney Chief Executive Robert Iger said on a conference call with analysts Tuesday that ESPN has experienced an uptick in subscriber numbers in the past couple of months. The remarks were part of an effort to counter the arguments that ESPN's business is in decline, a narrative that has driven the media giant's stock down 24% since August.

“The notion that the [cable] bundle is experiencing its demise or that ESPN is cratering in any way from a sub[scriber] perspective is just ridiculous,” Mr. Iger said. “We feel great about the product and we believe the predictions many have made are more dire than they should be.” Despite the recent growth Mr. Iger mentioned, ESPN lost subscribers in the quarter ended Jan. 2 at the same time that programming costs rose, due to costly deals for the rights to sports such as professional and college football. ESPN’s costs also rose thanks to the timing of the college football playoffs, which occurred in the company’s fiscal first quarter, ended Jan. 2 this year, but were in the fiscal second quarter a year earlier.

Operating income for Disney’s television business, of which ESPN is the largest segment, fell 6% in the quarter to $1.41 billion, while revenue rose 8% to $6.33 billion. Excluding the timing of the college football playoffs and the rising value of the U.S. dollar, television operating income growth would have been close to revenue growth, said Disney’s Chief Financial Officer Christine McCarthy. ESPN ad revenue grew a robust 25% in the quarter from a year ago. Ms. McCarthy said the growth rate would have been 14%, excluding the timing of the college football playoffs and the absence this year of Nascar.

Separately, ESPN and DraftKings Inc. have unwound their exclusive advertising relationship. The deal, worth $250 million, would have allowed DraftKings to be the exclusive daily fantasy site that advertises on ESPN in 2016. The end of the exclusivity means that ESPN will now be able to sell ad time to DraftKings’ competitors, a person familiar with the matter said. Much of the recent modest uptick in ESPN subscribers came from so-called skinny packages that have fewer channels and are aimed at cost-conscious young consumers, said Mr. Iger. He specifically pointed to gains from Dish Network Corp.’s Sling TV. He said the company is pushing aggressively to include ESPN and its other channels in similar offerings.

However the CEO said he wasn’t ready to predict that the recent positive trend in subscriber numbers would continue. As of the end of Disney’s last fiscal year in October, ESPN has 92 million subscribers in the U.S., the company said in a regulatory filing, down from 95 million the prior year and 99 million in 2013. Disney shares were down 3% in after-hours trading Tuesday, reflecting continued concerns about the future of cable.

Nonetheless, “Star Wars: The Force Awakens” drove a strong quarter for Disney’s movie and consumer products businesses. Though it came out just two weeks before the end of the fiscal year, the movie sparked a 46% rise in revenue at the studio to $4.28 billion and an 86% increase in operating income to $1.01 billion—the first time Disney’s movie business has earned more than $1 billion in a quarter.

Consumer products and interactive media revenue grew 8% to $1.91 billion and operating income increased 23% to $860 million thanks in large part to Star Wars merchandise, including a hit videogame from Electronic Arts Inc. At more than $3 billion, world-wide sales of Star Wars merchandise last quarter were more than three times as high as one year ago.

Digital downloads and DVD sales of the original six “Star Wars” films also increased last quarter, leading to an increase in home-entertainment revenue for Disney’s studio, a rarity at time when that overall business has been declining for years throughout Hollywood. Mr. Iger said consumer products sales were surprisingly strong in some markets where the movie “didn’t perform as we had hoped.” Among the countries where “The Force Awakens” wasn’t a blockbuster hit as in the U.S. were China, Russia and South Korea.

With new “Star Wars” movies scheduled to come out every year, Mr. Iger said he didn’t believe the first sequel to the science-fiction franchise in a decade fueled a one-time surge in revenue. “We think we’re not seeing something aberrational now, but the establishment of an old franchise at a much higher level," he said.

At Disney's theme parks business, 10% growth in attendance and 7% growth in spending at domestic theme parks led to a 9% increase in revenue to $4.28 billion and 22% increase in operating income to $981 million. International parks continue to struggle—particularly in France, where Disney closed its resort for four days in November following terrorist attacks in Paris. International costs also grew as Disney gears up for the opening of its Shanghai theme park in June. Disney shares closed up less than 1% at $92.32 Tuesday before financial results were released. – ***Wall Street Journal*****;** **more in *Fortune***

Not to unduly alarm anyone, but it appears that Pennsylvania never will have a budget again, at least not one from Democratic Gov. Wolf and the current Republican legislature.

Wolf on Tuesday growled at lawmakers, gave them what-for, saying, "Get back to work." Then, close to employing the royal *we*, said that if they sent him another budget like the ones they like, "I will not be amused." Not so sure the tactic worked.

Afterward, Senate GOP Leader Jake Corman said, "We're further apart than we ever were." And House GOP Leader Dave Reed said, "I was hoping he [Wolf] was going to come back from fantasy land . . . instead he left for Neverland."

Ah, Harrisburg.

Such was the fallout after Wolf on Tuesday offered another tax-and-spend plan that he says is needed to save the state, while legislative leaders told him to stick it. This follows the failure of last year's plan to save the state, and (so far) seven months of failure to get a current budget done. One wonders if Wolf's writing a Trump-like book: *The Art of the (Non-)Deal*.

I didn't think things could get worse. But Republican responses to Wolf seemed harsher than normal Tuesday, due in part to the governor's tone in addressing a joint session in the House chamber. The tone was not conciliatory. It was not let's-work-together warm. It was more verbal flamethrower. Wolf told lawmakers to start acting responsibly or "find another job."

In response, sustained grumbling from GOP seats morphed into an auditory mosh pit of profoundly negative noise. Several lawmakers later said they resented being lectured. A few said they'd happily help Wolf find another job. At issue, as always: more taxes and spending. Wolf wants both. Republicans want neither.

The governor's calling for roughly $3 billion in new or increased taxes to better fund public schools and attack a looming deficit estimated at up to $2 billion and change. Without more revenue - from income taxes, cigarette taxes, Marcellus Shale, movie tickets, cable TV, and more - Wolf said the state faces "devastating cuts" in education and social services, along with higher local taxes. "Someone in Harrisburg," Wolf said, "has to start telling the people of Pennsylvania the truth about the mess we're in."

House Speaker Mike Turzai accused Wolf of "fearmongering" and being "out of touch." While Republicans agree that there's a deficit, they disagree on how to deal with it. They argue that you don't fix a problem caused by spending more than you take in by spending more. They say Wolf's new $33 billion budget plan increases spending 10 percent above the GOP-passed-but-largely-vetoed budget, an increase many times the rate of inflation.

But Wolf argues that more is needed to address structural budget problems that have led to five credit downgrades in five years by the likes of Standard & Poor's and Moody's, resulting in higher debt-service costs headed to $139 million per year. When questioned on how to cut the deficit, Corman said, "That's part of the budget process." And Reed said it can be done without broad-based tax increases, using (long the GOP position) new revenue from liquor reform and expanded gambling.

Philly electeds, including Republican Rep. John Taylor, support tax increases for city schools and services, and fighting the deficit. "The alternative is to cut too deeply," Taylor said. And Mayor Kenney, in the Capitol for the day, said, "I just hope everyone's better angels will prevail."

Hope is a good thing. But in Harrisburg, hope is as scarce as movement toward a budget deal or *anyone's* better angels. This proposal, like Wolf's last one, cannot survive Pennsylvania politics. Such politics are divided. And the divisions are set in stone. So expect a further war of words. Expect ongoing animus. Just don't expect a new state budget - soon, or maybe ever. – ***Philadelphia Daily News***

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