

House passes budget after all-night marathon

HARRISBURG — The news on Capital Hill this week is an all-night marathon pulled by the state's House of Representatives on Wednesday. The legislators passed the budget (S.B. 712) at 4 a.m. Thursday morning, and most went home to take a well-earned rest.

As far as the Department of Agriculture's budget goes, Darwin Moyer, director of PDA's Administrative Services commented, "We came out of the budget pretty good."

When the budget finally was approved in the wee hours of the morning, a \$200,000 line item setting up funds for agricultural research had been restored in the legislation. And an ag budget of \$15,529 million had been established.

Because of the additions of several items, the bill now passes back to the Senate for a 'yes' or 'no' vote — no changes in the legislation can be made. And then it's on to the Governor's desk for signing.

The House also passed the catch-all Senate Bill 161, introduced by Senator Clarence F. Manbeck, with a vote of 112-88. Two amendments to the Bill are important to ag groups.

The first amendment allows implements of husbandry to be driven between farms with only the slow moving vehicle sign displayed on the back during daylight hours. Present law requires lights.

The other amendment calls for a 3½ percent oil franchise tax to be paid by the oil companies for fuel used in transportation. This tax replaces the previously proposed

SWAP tax, and will create funds to repair and maintain rural roads and bridges.

Other action on the Hill this week included the session of the House Agricultural Committee on Tuesday morning. Slated for discussion were House Bill 1472, the Food Act, and HB 1429, the Noxious Weed Bill.

Introduced by Lancaster's Representative Noah Wenger, HB 1472 calls for the repeal of 15 Pennsylvania food-related acts presently on the books in order to provide the Department of Agriculture with uniform standards, violations, and penalties.

The Food Act provides for the detention and condemnation of adulterated or misbranded foods, allows for emergency actions by the Secretary of Agriculture in the event of a health hazard to the consumer, and defines enforcement limits and penalties.

Three amendments to the Act tied up the morning session so that no final action was taken on any of the bills.

Drawing considerable discussion was the section calling for out-of-state firms to be able to use the state registration label — "Reg. Penna. Dept. Agr." — after the Department deems the food

product worthy and the firm purchases a permit for a \$150 fee. It was questioned whether this could be considered a revenue raising measure, or just another fee tacked on by the state which could discourage business.

Comments from the floor expounded on the difficulties of policing the use of this label and how the voluntary labeling program, which would allow certain food products to be sold without the registration, would go against the PDA logo of "We're growing better." It was assured there would be 'peer pressure' forcing compliance and the

registration would not be dropped from labels.

When the roll call was read, the amendment carried with a vote of 18 to 3.

Retail food merchants questioned whether HB 1472 would actually streamline the state's regulations at their level, along with the proposed \$1 a month fee that would be levied. It was agreed these concerned groups would work with Rep. Noah Wenger and a motion on a hearing was tabled.

Commented Wenger, "There's no real urgency here. Some of these laws date back to 1909."

Questions, answers on oil franchise tax

What is the Oil Company Franchise Tax?

It is a tax of 3.5 percent upon each dollar of taxable revenue generated by oil companies operating in Pennsylvania from the sale of motor fuel within the state.

What is taxable revenue?

Taxable revenues are all receipts from the first sale of motor fuel within Pennsylvania, or revenue generated by importing motor fuel into the state for sale within Pennsylvania.

What motor fuel products are taxable?

The tax is on the sales of gasoline, diesel fuel, kerosene, propane and any other petroleum products used to propel motor vehicles on the public highways. The tax is not imposed on sales of home heating oil, lubricating oil and upon sales of petroleum

products to public utilities for electricity generation, upon any off the highway use of motor fuel, upon the use of motor fuel in non-registered farm vehicles, upon sales of motor fuel to the state, federal, or local governments, upon motor fuel used by non-profit school, or upon motor fuel by volunteer fire companies, or ambulance, or rescue squads.

How much revenue will be generated by the tax?

In 1981-82 the tax will yield about \$193 million.

How will the proceeds of the tax be used?

The total proceeds of the tax will be deposited in the Motor License Fund. Twenty percent of the proceeds will be appropriated out of the MLF to municipalities for distribution pursuant to the Permanent Allocation of Fuel Taxes Act, and an additional amount will

be appropriated out of the MLF to municipalities sufficient to raise their share of all existing motor fuel tax revenues to 20%. This means that about \$63 million of the revenue generated will go to municipalities, and \$129 million will be used for state owned roads and bridges.

How will local government Liquid Fuels Grants be affected by the tax?

For every one dollar received for local roads and bridges this year, local governments will receive \$1.65 next year.

What is a franchise Tax?

It is a tax imposed for the privilege of doing business in Pennsylvania.

Is a franchise tax different from a gross receipts tax?

The taxes are similar, but the franchise tax is imposed for the privilege of operating in the state, whereas the gross receipts tax is imposed upon sales made within the state.

It is constitutional to impose a special tax on oil companies?

Yes. Currently in Pennsylvania, we have special taxes on utilities, financial institutions, and insurance companies.

How will the tax be collected?

Oil companies will on the 10th day of the month following the month in which sales are made pay the taxes due for the month. The tax will be collected mainly from wholesale distributors and importers of oil into Pennsylvania.

How will distributors distinguish between the sale of motor fuel for

taxable versus tax exempt purposes?

Purchasers will be required to provide documentation to distributors showing what portion of fuel purchased will be used for exempt purposes. If the purchaser cannot reasonably predict fuel use at the time of purchase, all of the fuel will be presumed to be taxable, but the purchaser may subsequently provide documentation to the oil company showing exempt uses.

Whenever subsequent documentation is provided, the oil company may claim a credit against taxes currently due for taxes previously paid on exempt products. If the purchaser is unable to provide documentation on exempt uses, either at the time of sale or subsequent to the sale, then the Department of Revenue may pay to the ultimate exempt user of fuel a credit equal to the amount of the tax paid on the fuel by the oil company. Finally, if a purchaser claims that fuel will be used for an exempt purpose and later uses or sells the fuel for a taxable purpose, than the purchaser must directly pay the franchise tax.

Will home heating oil customers be required to apply to the


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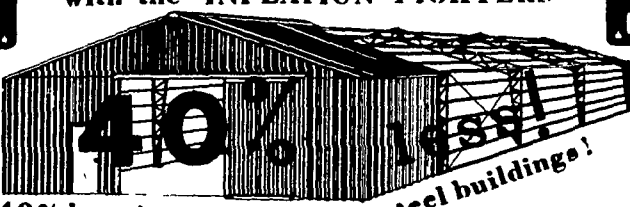
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