

Thornburgh asks sales tax increase

Continued from page 1

Senate Majority Leader Edward Zemprelli, who said he was not endorsing Thornburgh's concept, agreed that re-imposing the tax rates would amount to an increase and he questioned whether the budget is austere.

"But it's pretty much realized that the Motor License Fund needs to be beefed up," said Zemprelli, whose caucus will give a Democratic alternative next week.

"I don't think any new tax is going to be popular," said Senate Minority Leader Henry Hager, giving the Republican view. "Yet I think highway conditions may be the kind of thing to convince people you just can't fix without more money."

The budget's new initiatives stem directly from Thornburgh's favorite campaign themes. They include:

— An increase of \$115 million for basic education subsidies. The state now pays 43 percent of the funding for the 505 school districts, and Thornburgh's long range goal is to make it 50 percent.

— An increase of \$12.5 million for economic development. Most of the money will go to the Pennsylvania Industrial Development Authority, which provides low interest loans to entice industrial growth. It also includes an advertising campaign to lure new industry and a \$1 million advertising program to boost the tourist industry.

— An extra \$2.2 million to fight crime through the legislation passed last year dealing with statewide grand juries, wiretapping, etc. The budget also includes \$15 million set aside for damages, now that the state can be sued.

— An extra \$16.8 million to fund a "modest" 5 percent increase for the state's 764,000 welfare recipients, the first increase since 1975 but not enough to reach federal poverty levels. Thornburgh also set aside money to crack down on welfare fraud and abuses.

Taxes may pose budget problems

HARRISBURG (AP) — If Gov. Dick Thornburgh's new budget proposal is going to have trouble in the General Assembly, it will most likely be over taxes or spending priorities, legislative leaders predicted yesterday.

"He (Thornburgh) is probably renegeing on a campaign promise," House Democratic Minority Whip James Manderino said, referring to what he called the governor's campaign promises to roll back previous personal income tax increases.

"I think there are really a couple brouhahas. The biggest will be transportation," Senate Minority Leader Henry Hager said, referring to a proposed 6 percent hike in wholesale gasoline and oil prices.

The new budget proposal also calls for action to keep income and corporate taxes from automatically reverting to lower levels, and for higher truck registration fees.

Republican lawmakers were predictably supportive, if not enthusiastic. They politely applauded Thornburgh's budget address before a joint session of the House and Senate and later praised his proposals.

Reaction from Democrats ranged from sober-sided criticism to laughter and informal conversations with each other during the governor's speech.

"One thing that causes me to react is (that) the governor says he is not calling for any new tax when in fact he is," House Majority Leader K. Leroy Irvis said.

Democratic House members chuckled aloud when Thornburgh said he wants truck registration fees raised 25 percent, apparently because they're familiar with pressure from the trucking industry.

But Republicans saw Thornburgh's budget plans as realistic.

"In order to fix these roads we're going to require additional revenues. That's the major legislative problem," House Majority Leader Matthew Ryan said.

House Speaker Jack Seltzer said he expects Democrats to protest an increase of only 5 percent in welfare cash assistance grants.

"Oh, I can see people who want to spend more on welfare than on basic education, but there's no money available for that unless additional taxes are imposed upon people," Seltzer said. "Sure enough, Irvis lambasted the 5 percent welfare proposal."

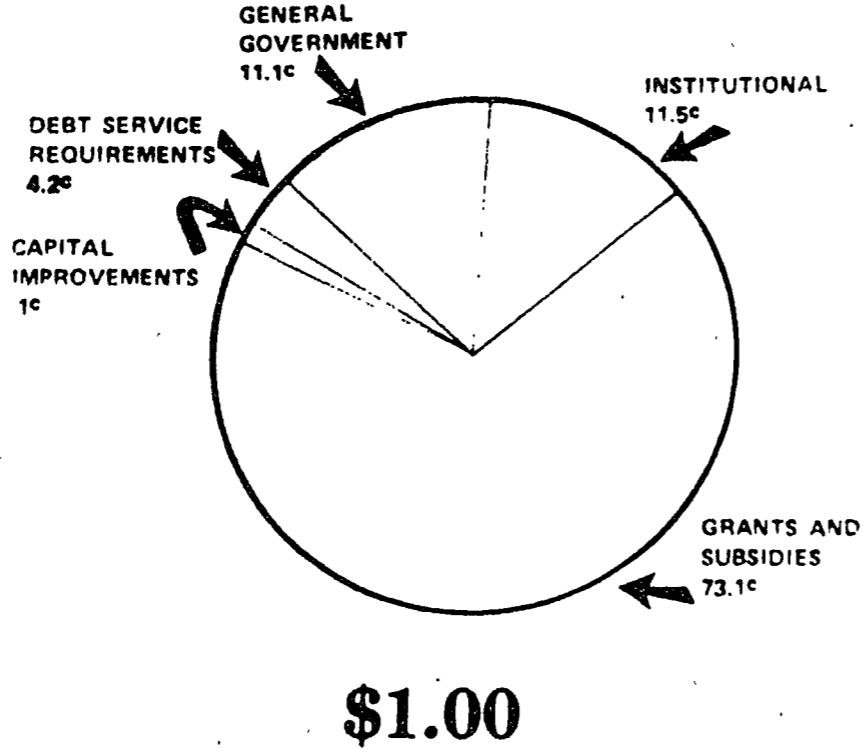
"Obviously that's a token gesture ... Anything less than 15 to 18 percent would not even put them up to the basic level of subsistence. Certainly we're not going to sit still for that—at least I'm not," Irvis said.

Rep. James Gallagher, minority chairman of the House Education Committee and a long-standing advocate of education programs, pored over the thick budget document, jotting notes, during the speech.

Later, he said his computations indicated Thornburgh had proposed only a \$98 million increase in basic school subsidies, not the \$115 million claimed in the speech. He said at least \$150 million is needed for basic subsidies just to keep up with the law governing subsidy payments to school districts.

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— An extra \$46.5 million for the mentally ill and the mentally retarded, the bulk of it earmarked to upgrade living conditions.

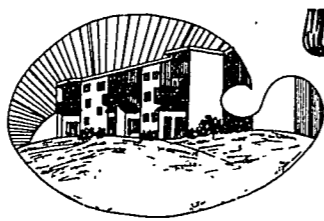
— A new \$20 million program called Older Pennsylvania Energy Needs to help senior citizens meet soaring winter heating bills.

"The increases we're proposing are all substantially less than what we would like to see to put Pennsylvania in first class running order," Thornburgh said at a budget briefing.

The governor also appealed for bipartisan support on the budget.

"The problems facing Pennsylvania cannot be addressed in the budget alone. They cannot be solved by the governor alone. They cannot, indeed, be solved by government itself alone," he said.

"For any government that attempts to do all things for its people is doomed to none of them well. Let us now work together. Let us reach together for the dream of a better Pennsylvania for all of our people."



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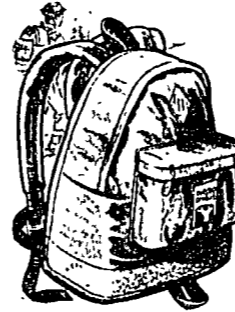
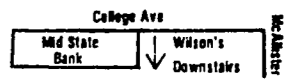
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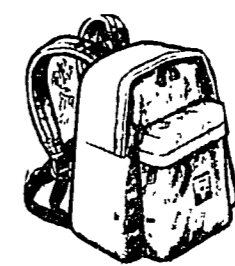


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