

# PA Environment Digest

## An Update On Environmental Issues In PA

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### **Analysis: Mid-Year Budget Briefing Next Week Will Shape Future Decisions**

On December 18 the Governor's Budget Office will hold its mid-year budget briefing to provide a snapshot of where revenues and expenditures are for FY 2013-14 and offer a glimpse of the year ahead.

The Independent Fiscal Office released its own [budget outlook](#) November 14 that projected a \$530 million deficit in the 2013-14 fiscal year, a \$839 million deficit in 2014-15, and a \$1.2 billion deficit in FY 2015-16 increasing to \$2 billion in FY 2018-19, if revenue and expenditure policies remain the same.

The Governor's Budget Office staff have said they are shaping next year's state budget assuming it will have to make up for a deficit of \$1.9 billion.

The [revenue report for November](#) shows collections were just \$42.6 million more than estimated for the year-to-date.

The state is already facing a [\\$180 million loss of tobacco](#) settlement money as a result of a recent adverse decision by the panel overseeing the master tobacco settlement agreement.

A recent state Supreme Court decision ordering Commonwealth Court to take another look at the 2009 [transfer of \\$100 million](#) from the state's MCARE Fund means another sizable hole may open up.

Of course the other big ticket item the General Assembly has yet to address is state employee and school employee pension reform.

On the positive side, the changes made to the Small Games of Chance Law allowing taverns to offer games is estimated to bring in about [\\$156 million in new tax revenue](#) to the Commonwealth.

With revenues from existing gaming operations starting to drop, the Senate, through a study authorized by [Senate Resolution 273](#) (Scarnati-R-Jefferson) due May 1, and the Governor's Office, through its [lottery privatization proposal](#), are looking at the potential for adding Keno and other games to the existing gaming mix.

### **Environmental Funding**

Over the last 11 years, more than [\\$1.9 billion in environmental funding](#) has been cut or diverted to balance the state budget or has gone to fund programs that could not attract funding on their own.

Gov. Rendell's share of these cuts/diversions is \$1.4 billion. Gov. Corbett's share is \$533.5 million, so far.

One result of these cuts is the complement of the Department of Environmental Protection has been reduced nearly 20 percent, most under the Rendell Administration, and [40 more positions](#) in FY 2013-14 under Gov. Corbett.

Marcellus Shale impact fees adopted as part of Act 13 have certainly helped put [more environmental project monies](#) on the table for state agencies and impacted county and local governments to begin to make up for some of these loses. But not overall personnel cuts.

DEP, in particular, has increased its permit application and administration fees by about \$31.6 million annually over the last several years to help make up for the cuts in state General Fund support for its operating costs.

The fees finalized include--

- Marcellus Shale Drilling Permits: \$7,465,000 (from \$935,000 to \$8.4 million annually);
- NPDES Water Quality Permits: \$4,250,000 (from \$750,000 to \$5 million annually);
- Chapter 102 Regulations: \$6,665,000 (from \$635,000 to \$7.3 million annually);
- Laboratory Certification: \$1,550,000 (from \$500,000 to \$1.6 million annually);
- Beneficial Use of Coal Ash: \$75,000 annually;
- Uniform Environmental Covenants: \$82,250 annually;
- Noncoal Mining Permit Review Fees: \$2,475,000 (from \$25,000 to \$2.4 million annually);
- Coal Surface Mining Permits: \$350,000 (from \$50,000 to \$400,000 annually);
- Dam Safety & Encroachment Permits: \$3,641,012 (from \$452,450) annually; and
- Title V Air Quality Permit Fees: \$5.1 million more annually.

Pending fee increases include--

- [Marcellus Shale Drilling Permits II](#): Generating about \$11-12 million annually to compensate for the drop in the number of expected drilling permit applications.

The Department of Conservation and Natural Resources has had to rely more and more on [royalties and payments](#) generated by Marcellus Shale drilling operations in State Forests to fund its basic staff and operating costs, rather than the General Fund.

More tough decisions are on the way for next year's state budget.

With environmental programs already cut to the bone, we need to at least stop the bleeding in these vital programs and find creative ways to restore state government's commitment to the environment.

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