

## Veto No. 2004-1

HB 2007

May 21, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2007, Printer's No.3559, entitled "An act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, providing for duties of city controllers in cities of the second class and for statements of receipts and expenditures."

House Bill 2007 would require the Controller of the City of Pittsburgh to audit the accounts of any authorities having board members appointed by the mayor, city council or any other official of the city. These audits would be submitted to the Pittsburgh City Council and the Pennsylvania Department of Community and Economic Development.

In addition, these authorities would be required to submit detailed statements of receipts and expenditures each month to the City Controller, City Council and the Department of Community and Economic Development, which shall make the statements available to the public.

Although House Bill 2007 would require these audits to be performed by the City Controller, it would apply to several public authorities that are as much creatures of Allegheny County as of the City of Pittsburgh. For example, both the Allegheny County Sanitary Authority and the Sports and Exhibition Authority of Pittsburgh and Allegheny County have Boards of Directors with equal numbers of members appointed by the Allegheny County Executive and the Mayor of Pittsburgh. Although the desirability of added fiscal oversight of authorities in the Pittsburgh region and around the Commonwealth may be argued, it is apparent that the provisions of House Bill 2007 are not properly formulated in this regard and this alone would be reason enough for my disapproval.

Even more importantly, however, I believe it is in the best interest of all concerned to refrain for the time being from enacting laws that purport to address the fiscal difficulties facing the City of Pittsburgh. In a few weeks' time, the General Assembly and I will have the benefit of detailed assessments of the Pittsburgh fiscal situation and available remedies available from the City itself, from the Intergovernmental Cooperation Authority for Cities of the Second Class created by Act 11 of 2004, and from the controllers appointed pursuant to the Municipalities Financial Recovery Act (Act 47 of 1987).

It has been and continues to be my hope that with these analyses in hand, a comprehensive legislative package can be crafted that deals with the City's short-term budget problems and strengthens its prospects for long-term competitiveness. It will be my intention to join with the legislature in reviewing

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all proposals regarding City finances as part of this process.

For the reasons set forth above, I must withhold my signature from House Bill 2007, Printer's No.3559.

EDWARD G. RENDELL

## Veto No. 2004-2

HB 2008

May 21, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2008, Printer's No.3546, entitled "An act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, further providing for form and adoption of budget in cities of the second class."

House Bill 2008 prohibits the City of Pittsburgh and any authorities having board members appointed by elected City officials from including projected revenue in their budgets which, in order to be collected, requires enactment of new taxing powers by the General Assembly.

As a practical matter, the change proposed in House Bill 2008 already applies to the City of Pittsburgh by virtue of legislation enacted earlier this year creating the Intergovernmental Cooperation Authority for Cities of the Second Class (Act 11 of 2004). Act 11 states in relevant part: "The financial plan of an assisted city shall not include projected revenue that in order to be collected requires enactment by the General Assembly of new taxing powers." Section 209(c)(1) of Act 11 of 2004. Because House Bill 2008 is duplicative of this provision of Act 11, I believe a final decision on whether this prohibition should exist in perpetuity can and should be deferred. Such a deferral is the best course of action in light of the multitude of efforts currently under way to address the City's fiscal crisis, the critical stage of these efforts, and the speed with which they are coming to a head.

On May 15, 2004, the City released the five-year financial plan it is required to produce by Act 11. This plan proposed significant cost cutting, but projected that new revenue sources will be needed to achieve financial stability.

In addition, in the next few weeks the coordinators appointed to review City finances under the Municipalities Financial Recovery Act (Act 47 of 1987) are expected to issue independent recommendations regarding these same matters – where cost cutting should occur, and how best to address any remaining shortfall. And by early June it is expected that the Intergovernmental Cooperation Authority will report on its views of these same questions.

Once all of these analyses are in hand, the members of the General Assembly and I will be in a position to decide if additional legislative action is required. Although I will withhold final judgment until all three analyses are considered, I am strongly predisposed to believe that new revenues will be required to close the City's budget shortfall. Furthermore, the sources of additional revenue available through legislative action are preferable to those available without legislative action. As I have said many times, I believe the best outcome for all concerned would be legislative approval of a consensus plan that both resolves the City's short-term crisis and assures its long-term competitiveness. As we work together to forge such a consensus, I am confident

that everyone concerned can work towards the same fundamental goals: a City government that has the resources it needs but spends no more than it must, and a City that is a great place to live, work and visit today and in the future.

For the reasons set forth above, I must withhold my signature from House Bill 2008, Printer's No.3546.

EDWARD G. RENDELL

## Veto No. 2004-3

HB 2128

July 1, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2128, Printer's No.3290, entitled "An act amending the act of March 10,1949 (P.L.30, No.14), known as the Public School Code of 1949, further providing for regulation of expelled students; establishing the Emergency Basic Education Subsidy Fund; and providing for basic education subsidy continuation funding."

The goal of shielding school districts from the uncertainty in their budget process that could be associated with late passage of a Commonwealth general appropriations bill is an extremely laudable concept. However, the legal requirements of the Pennsylvania Constitution prohibit me from approving the provisions of House Bill 2128. In particular, House Bill 2128 interferes with my Constitutional obligation to develop a balanced budget and financial plan each fiscal year. Further, the legislation abrogates my authority to evaluate the provisions of the budget as passed by the General Assembly and, if need be, to disapprove or reduce the funding level of appropriations as specified in the Constitution.

In recognizing the importance of enacting a balanced budget, the framers of the Commonwealth's Constitution created a budgetary process that places powers, obligations and restrictions on both the executive and legislative branches. The Constitution has ten sections regulating the budgetary process. Seven of these sections are found in Article III, Legislation. Several of the sections in this article place restrictions on the manner and content of legislation that deals with appropriations. Included in these restrictions, in section 11, is a requirement that the public school appropriation must be part of the yearly general appropriation bill. In section 24, the Constitution prohibits payment of any money from the Treasury without the passage of an appropriation. In addition, Articles IV and VIII of the Constitution define powers and duties of the Governor with respect to preparing the budget and certifying revenues. A reading of these provisions together establishes a defined budgetary process wherein education funding is required to be part of the general operating budget; the Governor must annually submit the proposed expenditures to the General Assembly; and the General Assembly must enact an appropriation to enable the expenditure of the funds. The educational funding provisions in section 2 of House Bill 2128, Printer's Number 3290, are contrary to this process and thus are unconstitutional.

While Article III, section 14, of the Constitution requires that the General Assembly provide for the maintenance and support of a thorough and efficient system of public education, the Constitutional mechanism for the General Assembly to discharge this duty is the enactment of appropriations for the public schools pursuant to the mandate in Article III, section 11. The Constitutional provision requiring support of the public education schools does

not supercede other Constitutional provisions defining the powers of the executive and legislative branches with respect to the passage and enactment of the budget.

In the upcoming fiscal year, basic education funding will account for approximately \$9.3 billion of the General Fund. The basic education subsidy alone will total \$4.9 billion. In total, basic education funding accounts for almost one-third of our \$22 billion in General Fund budget and the basic education subsidy accounts for more than 20% of all General Fund expenditures. To remove this portion of the budget from either the negotiation process or the Governor's purview is unconstitutional, unwise with respect to fiscal management, irresponsible on our part and unfair to the taxpayers.

It is our job as stewards of the public funds and holders of the public trust to engage annually in serious budget negotiations that commence in earnest in time to pass the budget by our deadline. We must do so in service to the taxpayers, parents and schoolchildren of our communities and in compliance with the Constitution of our Commonwealth.

For the reasons set forth above, I must withhold my signature from House Bill 2128, Printer's No.3290.

EDWARD G. RENDELL

## Veto No. 2004-4

HB 2758

July 21, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2758, Printer's No.4224, entitled "An act amending Title 53 (Municipalities Generally) of the Pennsylvania Consolidated Statutes, providing for fire company reduction and closure provisions for cities of the first class."

House Bill 2758 imposes certain requirements upon the City of Philadelphia before the City can reduce or eliminate any ladder or engine fire company. The bill requires that the City provide written notice to all firefighters and paramedics assigned to the affected company and their respective labor organizations as well as all citizens served by the affected company. Under the bill the City would also have to commission a study of the proposed reduction or elimination. The study would have to include projected cost savings and an analysis of the impact on emergency response time, delivery of services to the public, homeowner fire insurance premium coverage implications and the safety of firefighters, paramedics and citizens. The City is then required to hold a public hearing on the results of the study.

During my tenure as Mayor of Philadelphia, in 1992 I reopened firehouses that my predecessor had ordered closed. I did so because our cost benefit analysis conducted in the context of the overall City budget established that at that time the benefits to public safety outweighed the potential cost savings. Those are the types of analyses and decisions that the elected officials of the City must make as an essential part of their job. House Bill 2758 usurps this vitally important management prerogative of the elected executive and council members of the largest city in our Commonwealth.

Put simply, House Bill 2758 impinges upon the City's ability to manage its fiscal affairs and to govern its budget. The restrictions in this bill interfere with the City's fiscal management when deciding the necessary level of services offered to the public in relation to the burden that such services have on the municipal tax base. The restrictions may also implicate labor management issues. Moreover, the requirements of House Bill 2758 apply only to the City of Philadelphia; the bill does not address or constrain other municipalities' actions with respect to fire protection services. There is simply no rational distinction for applying these restrictions to only one of our thousands of municipalities. The Commonwealth should not be involved in managing municipal fiscal decisions to this degree.

When contemplating my decision as to House Bill 2758, I received an unsolicited letter from Fire Commissioner Ed Mann and PEMA Director Dave Sanko. Their logic was very persuasive and I am incorporating that letter in this message.

For these reasons, I must withhold my signature from House Bill 2758,  
Printer's No.4224.

EDWARD G. RENDELL



## Veto No. 2004-5

HB 176

November 30, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 176, Printer's No.4784, entitled "An act amending the act of March 4, 1971 (P.L.6, No.2), known as the Tax Reform Code of 1971, further providing, in sales and use tax, for alternate imposition and for credits; further providing, in personal income tax, for definitions; providing, in personal income tax, for operational provisions relating to contributions of refunds by checkoff; further providing, in realty transfer tax, for determination and review; providing, in realty transfer tax, for sharing information; further providing, in local real estate transfer tax, for imposition and for administration; providing, in local real estate transfer tax, for regulations, for documentary stamps, for collection agents, for disbursements, for judicial sale proceeds, for stamps, for determination and review, for liens, for refunds, for civil penalties, for violations and for information; further providing, in research and development tax credit, for definitions, for carryover, carryback, refund and assignment of credit and for Pennsylvania S corporation shareholder pass-through; further providing, in film production tax credit, for the definitions of "film," "Pennsylvania production expense" and "production expense"; providing, in film production tax credit, for the definition of "start date"; further providing, in film production tax credit, for credit for qualified film production expenses; providing for film production tax credits; further providing, in film production tax credit, for carryover and refund of credits, for limitations on credits; imposing penalties; providing for findings and declarations; and making repeals."

I am not signing House Bill 176 into law because certain provisions of the legislation are ambiguous and the legislation could result in substantial revenue loss to the General Fund. In particular, while section 2 of the bill may have been intended to exempt only "nonqualifying" deferred compensation plans from State taxation, the language is sufficiently vague to allow the exemption to apply to all deferred compensation plans. Such an interpretation would result in the loss to the General Fund of approximately \$220 million annually. Moreover, the bill can be interpreted as applying retroactively to the original enactment of the Tax Code of 1971, increasing significantly the exposure of the General Fund.

House Bill 176 could result in the loss to the General Fund of \$220 million, or more - and the bill has not been coupled with any proposals as to how the Commonwealth would compensate for this lost revenue - no plans to increase revenues and no specific, delineated proposed spending cuts. As a result, I have no choice but to withhold my signature from this bill. As long as I am Governor, I intend to enforce a "pay as you go" budget process

for Pennsylvania. There will be no significant increases in spending or reductions in revenue without a specific plan to pay for them. Indeed, because of the fiscal impact, tax legislation is appropriately debated during the overall discussions of the Commonwealth budget.

Despite my fundamental problems with the significant fiscal impact of this legislation, I note that House Bill 176 does raise several potential changes that are worthy of further consideration and debate. Among these are the following:

- Addressing consequence of changes to the tax code in 1998 that used section 501 of the Internal Revenue Code as a way of defining corporations organized as not-for-profits for purposes of determining exclusions from Pennsylvania corporate taxes.
- Changing the way our recently enacted film tax credit is calculated and distributed to ensure that it has the maximum impact in helping to attract film production to Pennsylvania. The tax credit for the film industry has already produced tangible results and the new procedures set forth in House Bill 176 would serve to make the credit even more attractive to the film industry.
- Improving and strengthening our recently expanded research and development tax credit to ensure that the program continues to attract new investment in research and development in the Commonwealth.

I would support all of these proposed changes if made in the appropriate context. In its current form, however, I cannot support House Bill 176.

For the reasons set forth above, I must withhold my signature from House Bill 176, Printer's No.4784.

EDWARD G. RENDELL

## Veto No. 2004-6

SB 304

November 30, 2004

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, Senate Bill 304, Printer's No. 1983, entitled, "An act amending Title 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes, providing for payments to family and funeral directors, for allowable family exemption and for classification and order of payment of claims against the estate of a decedent."

Senate Bill 304 would increase, from \$3,500 to \$5,000, the amount a bank or similar financial institution may pay to a decedent's estate prior to the payment of taxes and debts for funeral expenses. The amount of real or personal property that may be retained by a spouse or other relative prior to debts or taxes would also be increased by a similar amount. In addition, persons would no longer need to reside in the household of the deceased to receive these monies.

For decedents who were recipients of Medical Assistance, the facility in which the patient was a resident may pay up to \$5,000 for burial expenses from the patient's care account. Presently that amount is capped at \$3,500. In addition, after burial expenses, the facility may pay up to \$5,500, including funeral expenses, to the spouse or other relative of the patient. This amount is presently capped at \$4,000. In both instances, these amounts may be paid prior to reimbursements for Medical Assistance services and other debts and taxes.

Senate Bill 304 also sets a priority to claims by the Commonwealth and political subdivisions when the assets of an estate are insufficient to pay all debts and taxes. Currently, claims by the Commonwealth are last in priority and are classified as "other." This language will place the Commonwealth and political subdivisions ahead of "other" claims. The bill clarifies that Medical Assistance services will continue to be given its enhanced priority (third behind cost of estate administration and family exemption).

The original legislation provided only for the enhanced priority of Commonwealth and local government claims. This language is consistent with the laws of other states, supported by our local government associations and may provide additional revenue to the Commonwealth, although it is difficult to predict how regular or significant the additional revenue may be.

My opposition to Senate Bill 304, however, is with the language added to this bill, which provides increases in the family exemption and expansion of the categories as to who is eligible to receive these exemptions, and the funeral expense provisions. These provisions result in significant revenue losses that could expand in the future. The General Fund cannot absorb this magnitude of loss in isolation – either other revenue sources or reductions in service must be identified to offset these losses.

Provisions in Senate Bill 304 to increase the family exemption from

\$3,500 to \$5,000 and permit persons not residing in the decedent's residence to receive monies is projected to result in a decrease in anticipated Inheritance Tax revenues of \$2.5 million for the remainder of fiscal year 2004-05 and \$5 million annually thereafter. This is based on the current number of estates claiming the family exemption, 9,000, increasing to 30,000 with the elimination of the "residing in the same household" standard. In addition, there will be some revenue loss to the Department of Public Welfare in its estate recovery program. Estimates range from \$500,000 to \$5 million in anticipated Medical Assistance services monies annually that will not be recouped from the estates with the enactment of Senate Bill 304. All told, the potential total impact to the General Fund could be a loss of as much as \$10 million annually.

Though the aim of this legislation is laudable, it has not been coupled with any proposals as to how the Commonwealth would compensate for as much as \$10 million in lost revenue – no plans to increase other revenues and no specific, delineated proposed spending cuts. As a result, I have no choice but to withhold my signature from this bill. As long as I am Governor, I intend to enforce a "pay as you go" budget process for Pennsylvania. There will be no significant increases in spending or reductions in revenue without a specific plan to pay for them.

For the reasons set forth above, I must withhold my signature from Senate Bill 304, Printer's No.1983.

EDWARD G. RENDELL

## Veto No. 2004-7

SB 356

November 30, 2004

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, Senate Bill 356, Printer's No. 1980, entitled "An act amending Title 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, further providing for criminal history record information."

Senate Bill 356 eliminates "dual dissemination" of criminal history records and exempts a large number of persons from paying the fee for criminal history records checks.

Elimination of the "dual dissemination" provision would allow the Pennsylvania State Police to automate the criminal history record check process and would allow for on-line provision of all background checks, as several other states now provide. Under current law, criminal history record information provided to law enforcement agencies is not the same as the information provided to individuals requesting information. By eliminating dual dissemination, the information need not be different.

Senate Bill 356 also exempts volunteers serving without compensation with the following groups from paying the records check fee: an affiliate of Big Brothers of America or Big Sisters of America, Little League Baseball, Inc., a rape crisis center or domestic violence program, a volunteer fire department, a volunteer ambulance service, Boy Scouts of America, Girl Scouts of the United States of America, a religious-related group or organization, YMCA, YWCA, a block parent program which includes the McGruff program or any other group that primarily works with children. Currently, volunteers with Big Brothers of America or Big Sisters of America or with a rape crisis center or domestic violence program receive free criminal history records checks.

The costs associated with providing free criminal history background checks are significant. The Pennsylvania State Police currently receive approximately 1 million criminal history check requests annually from non-criminal justice entities. With the broad categories of exempt persons in Senate Bill 356, at least half and possibly significantly more of those requesting background checks are now estimated to be eligible for the free checks.

The estimate for the number of volunteers for Little League Baseball, Inc., in Pennsylvania is 70,000; volunteer fire departments are also estimated to have 70,000 volunteers; the Boy Scouts and Girl Scouts volunteer estimate is over 60,000; the block parent programs estimate is over 32,000 volunteers. The very broad headings of "a religious group or organization" and "any other group that primarily works with children" can cover a significant number of people; these categories also present difficult problems with respect to verification.

Assuming that 50% of current requests will now qualify for free criminal history background checks, the resulting cost to the Pennsylvania State Police could be at least \$5 million per year and very possibly more.

Under SB 356, there is no limit placed on the number of free background checks that may be provided in a single year. The cost to the State Police of providing free background checks could escalate if persons who are now required to obtain criminal history checks for employment determine that they are able to obtain a free check under the provisions of this bill.

There are also significant costs that the State Police will be required to bear under SB 356 associated with the automation of the criminal history background check process that will be required in order to accommodate the number of requests that will be received. These costs are estimated at \$4 million to modify PATCH, the State Police automated criminal records system, and associated systems to enable all criminal history records check requests/replies to be accomplished via the Internet. Currently only "no record" responses are provided over the Internet.

While several of the provisions of SB 356 are constructive and desirable, I cannot support these changes in the context of a bill that imposes such large unfunded mandates, both one-time and recurring, on the State Police. The legislation has not been coupled with any proposals as to how the Commonwealth would pay for these expanded requirements – no plans to increase other revenues and no specific, delineated proposed spending cuts. As a result, I have no choice but to withhold my signature from this bill. As long as I am Governor, I intend to enforce a "pay as you go" budget process for Pennsylvania. There will be no significant increases in spending or reductions in revenue without a specific plan to pay for them.

The Administration remains ready to work with the General Assembly to develop statutory language that achieves the goal of expanded and less costly access to criminal background check information for citizens, while at the same time advancing fiscal responsibility and avoiding unfunded mandates.

Because of the one-time cost of the required background check systems changes and the recurring lost revenue due to the broad categories exempted from paying for background checks, I must withhold my signature from Senate Bill 356, Printer's No.1980.

EDWARD G. RENDELL

## Veto No. 2004-8

SB 492

November 30, 2004

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, Senate Bill 492, Printer's No.1653, entitled "An act amending Titles 18 (Crimes and Offenses) and 20 (Decedents, Estates and Fiduciaries) of the Pennsylvania Consolidated Statutes, providing for the offenses of neglect of care-dependent person and for living wills and health care powers of attorney; further providing for implementation of out-of-hospital nonresuscitation; and making conforming amendments."

Senate Bill 492 addresses the difficult issue of end-of-life care. In making the decision to veto this bill, I carefully considered the letters urging a veto of this bill sent to me by the Pennsylvania Medical Society, the Pennsylvania College of Internal Medicine, the President of Compassionate Choice of Delaware County, and numerous medical professionals who are part of hospital ethics committees or providers of Palliative Care. For your information the letters from the Pennsylvania Medical Society and Pennsylvania College of Internal Medicine are attached. We all know that end-of-life decisions are best made before the onset of a severe illness or the occurrence of a severe injury. These letters point out, however, that unfortunately most Pennsylvanians do not have living wills and illness or injury is often sudden and unexpected. This leaves incredibly difficult decisions to be made by a patient's family in consultation with the patient's physicians. Although Senate Bill 492 would allow greater control for those with living wills or health-care powers of attorney, it could result in doing a tremendous disservice, and may even be harmful, to the overwhelming majority of Pennsylvanians who do not have formal advance directives.

Senate Bill 492 would mandate the provision of "health care necessary to preserve life" for patients with advanced chronic diseases that are progressive and life limiting. This category of illness includes things such as Alzheimer's disease. Senate Bill 492 would require that a care provider administer all health care necessary to preserve life unless a patient had a formal advance directive or health care power of attorney. For example, under this statutory requirement, a wife whose husband had very advanced Alzheimer's disease could not elect comfort care in lieu of putting her spouse on a respirator or forgoing CPR if it were needed. Another section of Senate Bill 492 would prevent families and spouses from withdrawing or withholding life support for family members in a nursing home unless that person had a formal advance directive or health care power of attorney.

While I believe the intent of this legislation is worthy, I would look forward to working with members of the legislature to craft a bill that is broad enough to encompass the many painful and urgent realities of the family members who are intimately involved with the end of care decisions of their loved ones.

For the reasons set forth above, I must withhold my signature from Senate Bill 492, Printer's No.1653.

**EDWARD G. RENDELL**



## Veto No. 2004-9

SB 1209

November 30, 2004

To the Honorable, the Senate  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, Senate Bill 1209, Printer's No. 1997, entitled "An act amending Titles 4 (Amusements) and 18 (Crimes and Offenses) of the Pennsylvania Consolidated Statutes, further providing for definitions and for the Pennsylvania Gaming Control Board established; providing for applicability of other statutes and for review of deeds, leases and contracts; further providing for general and specific powers, for temporary regulations, for board minutes and records, for slot machine licensee financial fitness and for supplier and manufacturer licenses application; providing for manufacturer licenses; further providing for occupation permit application, for establishment of State Gaming Fund and net slot machine revenue distribution, for transfers from State Gaming Fund, for multiple slot machine license prohibition, for local land use preemption, for public official financial interest, for enforcement, for penalties, for background checks, for fingerprints and for corrupt organizations; and making related repeals."

The Pennsylvania Race Horse Development and Gaming Act contains the framework for the creation of a new limited gaming industry in Pennsylvania that will necessarily require strict scrutiny, workable yet tight regulation and strong enforcement in order to maintain the integrity of that industry. While I believe this framework is adequate, I support the original objectives of this legislation to clarify the role of law enforcement agencies to safeguard the integrity of gaming activities in the Commonwealth; to guarantee public openness of Gaming Board deliberations; and to strengthen the public official financial interest prohibitions that were intended to ensure public confidence and prevent improper influence. Senate Bill 1209 has significantly strayed from these goals. It has been inconsistently amended, resulting in a final form that undermines the ability of the newly established Gaming Board to work effectively to implement the provisions of Act 71 and it removes important economic benefits originally contained in the act.

While Senate Bill 1209 strengthens the prohibition against public officials and members of the Gaming Board having ownership interests in companies regulated by the act by including suppliers and manufacturers in the ban and by eliminating the 1% ownership threshold, it actually weakens the application of the prohibition by narrowing the definition of "immediate family" to permit the parents and siblings of public officials, such as the Attorney General and legislators, to have a direct and unlimited financial interest in regulated gaming companies. In dramatic contrast, the bill applies a more expansive definition of "immediate family" to Gaming Board members and its employees. The public corruption protections should be uniform. Senate Bill 1209 falls short of achieving its goal of clarifying and strengthening this provision. We cannot afford to let there be any confusion about our commitment to prevent

impropriety.

A core objective of Act 71 was to provide employment and business opportunities that would allow Pennsylvanians to directly participate in this newly created industry. One tangible example was the General Assembly's creation of a Pennsylvania slot machine supplier system intended to foster the creation of skilled jobs and provide substantial business development opportunities. Unfortunately, Senate Bill 1209 eliminates this provision – ignoring the positive economic experience local slot machine suppliers have had in other states. Our state should not be deprived of this important benefit.

As you are well aware, one of the principal reasons for my support of the introduction of limited gaming into the Commonwealth was the anticipated revenue it would generate for property and wage tax relief. However, Senate Bill 1209 contains several provisions that could dramatically slow the ability of the Gaming Board to implement Act 71 and potentially reduce the amount of funds ultimately available for these important initiatives. For example, this bill requires that before any money is used for property and wage tax relief, any shortfall from the previous year in the Lottery Fund be made up with gaming revenue, regardless of the cause of the revenue shortfall. This is not good public policy. Moreover, the bill changes the timing of transfers of gaming revenues from the State Gaming Fund to the Property Tax Relief Fund from monthly to yearly. These provisions will not only reduce the funds available but also reduce the flexibility to time the release of funds to school districts for property and wage tax relief.

Finally, Senate Bill 1209 threatens the ability of the Gaming Board to timely place and regulate slot venues without interference from conflicting local zoning and land use regulations and policies. While I agree that slot venues should not be located in a manner in which their presence would be incompatible with the local community and legitimate impact concerns should be adequately resolved by the Board, it is not appropriate for local rules and regulations to be used to undermine the authority of the Board. I support legislation that would compel the Gaming Board to consider the concerns of local authorities by requiring public hearings in any municipality in which a slot venue is proposed, and provide both notice and ability to comment on any slot venue application by neighboring residents, community groups and local governing authorities. Among other reasons, I do not support Senate Bill 1209 because it does not reach an equitable balance between the strong interest of the Commonwealth to exclusively regulate and control gaming operations and the legitimate impact concerns of local communities.

I do believe, however, that certain limited changes would make Act 71 a better law. First, I would support precluding public officials and their immediate families from owning any interest in any entity regulated by Act 71. On July 5, 2004, the same day I signed Act 71 into law, I also signed an Executive Order that prohibited any executive branch employee from owning any interest in an entity regulated by Act 71. This restriction should appropriately be codified in statute. Second, I support extending the protections of the state RICO statute to violations of Act 71.

For the reasons set forth above, I must withhold my signature from Senate Bill 1209, Printer's No.1997.

**EDWARD G. RENDELL**

## Veto No. 2004-10

HB 2442

December 1, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2442, Printer's No.4806, entitled "An act amending the act of June 25, 1982 (P.L.633, No.181), entitled, as reenacted, 'An act providing for independent oversight and review of regulations, creating an Independent Regulatory Review Commission, providing for its powers and duties and making repeals,' further providing for definitions, for composition and for proposed regulations and procedure for review."

I take this action today because under current law, the members of the Commission elect the Chair of the Independent Regulatory Review Commission. I have received no evidence that the Commission's election process for Chair is flawed. As a result, I am not prepared to sign into law a bill with the language included in section 2(g)(2) and (3) of House Bill 2442 mandating the creation of a Vice Chair and further mandating that a vacancy in the office of the Chair must be filled by the Vice Chair for the remainder of the Chair's term and until a successor is elected.

I am impressed with the hard work of the members of the Commission and believe their guidance on the structure and operation of the Commission is warranted before any legislation is passed affecting this structure.

For the reason set forth above, I must withhold my signature from House Bill 2442, Printer's No.4806.

EDWARD G. RENDELL

## Veto No. 2004-11

HB 2664

December 8, 2004

To the Honorable, the House of Representatives  
of the Commonwealth of Pennsylvania:

I am returning herewith, without my approval, House Bill 2664.

The goal of the bill to provide stop-gap funding for the Commonwealth's smaller transit agencies for the remainder of the fiscal year is laudable. However, I do not feel I can responsibly sign it into law because the bill goes beyond the bounds of just providing funding. In fact, as a result of these other provisions, it has become apparent that many of the agencies the legislation was intended to help oppose its enactment. A November 30 letter to me from the Pennsylvania Public Transportation Association states in part:

"The Pennsylvania Public Transportation Association (PPTA) supports the growth of public transportation in the Commonwealth but not at the expense of those systems currently providing services to its residents.

"House Bill 2664, as passed by the General Assembly . . . will harm existing systems. The bill calls for the reallocation of existing resources . . . in order to accommodate the inclusion of new systems. Without a provision for additional funding to accommodate new systems, existing Class 3 and 4 systems currently experiencing or soon to experience operating deficits will find worsened financial crises accelerated by the redistribution of existing resources.

\* \* \*

"In addition, there are a number of Class 3 and 4 systems that have used existing resources for debt financing. An erosion of these existing resources may cause loan defaults if systems receive less than the current funding formula allocations.

\* \* \*

In conclusion, HB 2664 destabilizes the financial condition of existing systems and fails to remedy their current financial crises. Although Classes 3 and 4 still have an unfunded need for the current fiscal year, the long-term implications of this bill outweigh the short-term benefits. Therefore, PPTA urges you to veto HB 2664."

Based on these concerns I do not believe I can responsibly sign this legislation into law.

However, since I received this bill, my administration has been working to find another way to keep all the state's transit providers – both the smaller Class 3 and 4 systems and the larger systems serving Pittsburgh and Philadelphia – from being forced to adopt layoffs, service cuts and fare increases to balance their budgets.

But stop-gap funding, whether in the form of House Bill 2664 or some

other form, is not the proper solution to the problems facing the Commonwealth's transit systems and those who depend upon them. The only way these problems will be solved for the long-term is through enactment of new, dependable funding streams for transit.

For the reasons set forth above, I must withhold my signature from House Bill 2664.

**EDWARD G. RENDELL**