

Pennsylvania: Governor announces completion of the 2016-17 budget



David M. Kall | Tuesday, July 19, 2016

In February, we [described](#) a bitter and confrontational budget speech that Gov. Tom Wolf delivered. At that time, lawmakers were stuck at an impasse, unable to agree on what the priorities should be, and therefore unable to resolve the \$2 billion deficit that made it all but impossible for the Keystone State to meet even its most basic obligations. The Governor ended his speech by warning House Republicans not to send him “another budget full of gimmicks that are too cute by half. Do not send me another budget where the numbers simply don’t add up.”

Now, several months later, Gov. Wolf’s mood has improved markedly. In a [July 13, 2016, press release](#) announcing the completion of the [budget](#), the Governor characterized it as “an important step forward [that] includes sustainable, recurring revenue that makes significant progress toward reducing our structural deficit.” He went so far as to point out that he worked with “Republicans and Democrats to achieve major progress on issues including the legalization of medical marijuana, the passage of historic liquor reform, and the enactment of a fair funding formula that ensures basic education funding is distributed to schools based on a district’s unique needs.” He also mentioned that he had “inherited a deficit of more than \$2 billion and schools that were devastated from drastic funding cuts.”

With respect to medical marijuana, the [Medical Marijuana Act](#) (Act) decriminalizes the use of marijuana for certain qualifying medical conditions, like Parkinson’s disease, multiple sclerosis, and severe chronic or intractable pain of neuropathic origin. The Marijuana Policy Project posted a [summary](#) of the law that

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contains the full list of conditions, as well as details on physician certification, the regulatory scheme, grower, processor and dispensary limitations, and the like.

The Act also imposes a 5 percent tax on growers and processors for their sales to dispensaries, which is to be deposited into the Medical Marijuana Program Fund. The Fund will be allocated as follows:

- 55 percent to the Department of Revenue for operations, outreach, and financial assistance;
- 30 percent to the Department of Revenue for department for further research related to the use of medical marijuana;
- 10 percent to the Department of Drug and Alcohol Programs;
- 5 percent to the Pennsylvania Commission on Crime and Delinquency.

As for liquor reform, the [House fiscal note](#) accompanying the [liquor reform bill](#) reveals that the measure is expected to generate an additional \$149.163 million in revenues in fiscal year 2016-17. The legislation made changes to the liquor code, including expanding wine permits, Sunday and holiday sales, and permitting expired licenses to be auctioned. [PennLive.com](#) explained that “dead” licenses were a long-running problem because the state could not legally re-sell them, causing a bar and restaurant desert in rural and poverty-stricken areas.

Finally, regarding education, Gov. Wolf described the school funding increases as “historic” In his press release. The [Pennsylvania Department of Education](#) highlighted these key appropriations for 2016-2017:

- Basic Education Funding appropriation of nearly \$6 billion, a 3.51 percent increase, or \$200 million, over the previous budget;
- Special Education appropriation of more than \$1 billion, a 1.86 percent increase, or \$20 million;
- Ready to Learn Block Grant appropriation of \$250 million, the same as the previous budget’s appropriation;

According to Gov. Wolf, “passage of a revenue package means that we avoid another lengthy impasse, our budget is balanced this year, and we have greatly reduced the commonwealth’s structural budget deficit.” With that now behind him, he will turn his attention to Pennsylvania’s opioid abuse and heroin use epidemic, Pennsylvania’s “greatest public health crisis.”



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