

HOUSE OF REPRESENTATIVES
Office of Legislative Information
G01 South Office Building
Harrisburg, PA 17120

FOR IMMEDIATE RELEASE

CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, Feb. 3 -- The state House of Representatives today recreated a special committee which is studying the effects of competition between nonprofit organizations and private businesses.

Last year a similar committee, chaired by Rep. Italo Cappabianca, D-Erie, held a series of public hearings throughout the state. Several of the hearings were held in Erie. Cappabianca sponsored a resolution creating the committee this year, and has asked House Speaker K. Leroy Irvis to again appoint him as committee chairman.

"I asked that the committee be created again this session because, quite simply, there is still work to be done," Cappabianca said. "Competition between nonprofit organizations and for-profit private businesses is an issue of growing importance here in Pennsylvania, and throughout the nation."

Cappabianca said some private businesses are finding it difficult to compete with large, well-funded nonprofit organizations. He said such competition is increasing as nonprofit groups expand their activities in search of reliable funding sources.

"Most nonprofit organizations are engaged in activities directly connected to their tax-exempt purpose," Cappabianca stressed. "Problems arise primarily when they branch out into unrelated areas."

Competition between nonprofit and for-profit businesses is often unfair, Cappabianca said, because they operate under different rules. He said nonprofit corporations do not pay taxes, and can benefit from lower postal rates and be exempted from unemployment insurance, securities regulations, bankruptcy laws and antitrust laws.

Some nonprofit corporations form for-profit subsidiaries when they begin unrelated commercial ventures, but Cappabianca said unfair advantages can still result. He said the for-profit subsidiaries often have a ready, and inexpensive, source of start-up capital, and can benefit from the "aura" and status which surround nonprofit entities.

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Last session Cappabianca introduced a package of bills designed to restrict and monitor the commercial activities of nonprofit organizations. He said he plans to introduce similar legislation this session.

"I am not picking on nonprofit organizations," Cappabianca said. "It is clear, however, that some businesses, small businesses in particular, are being hurt by nonprofits' commercial activities. Pennsylvania's private business sector has been growing in recent years. We cannot afford to jeopardize that growth."

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op15/2/3/87/cappabianca/nonpro

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Office of Legislative Information
G01 South Office Building
Harrisburg, PA 17120

FOR APPROVAL

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CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, Feb. 23 -- Rep. Italo Cappabianca, D-Erie, has been appointed chairman of a House Select Committee studying competition between nonprofit organizations and private businesses.

Earlier this month the House overwhelmingly approved a resolution sponsored by Cappabianca which created the select committee for the current legislative session. He had chaired a similar committee during the session which ended last November.

"Nonprofit organizations have become involved in a wide variety of commercial activities unrelated to their tax-exempt purpose," Cappabianca said. "The committee is attempting to determine what effect those activities have on private businesses."

Cappabianca said nonprofit groups are exempt from taxes and from a number of federal and state regulations. Private businesses have claimed that those exemptions give nonprofits an unfair advantage in the marketplace.

"This is not a black and white issue," Cappabianca stressed. "Many nonprofits have been forced to seek stable funding sources to replace funds which previously came from the government. Commercial activities are an attractive option. The question is whether government should monitor and regulate those activities to ensure that private enterprise is not jeopardized."

Most of Pennsylvania's economic growth in recent years has come from small businesses, Cappabianca said. He said small businesses are the most vulnerable to competition from nonprofit organizations.

"Competition is the force which has made our country grow and thrive," Cappabianca said. "But competition only works if all the competitors play under the same rules."

Cappabianca said he will work to develop legislation which balances the needs of nonprofit organizations against the need to develop a positive business climate.

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op15/2/23/87/cappabianca/chair

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Office of Legislative Information
G01 South Office Building
Harrisburg, PA 17120

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CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, April 10 -- Rep. Italo Cappabianca, D-Erie, has been named vice chairman of the powerful House Appropriations Committee.

Cappabianca's appointment was announced by House Speaker K. Leroy Irvis.

The Erie legislator had previously served as chairman of the Appropriations Committee's Subcommittee on Health and Welfare. He will replace Rep. William Stewart, D-Johnstown, as vice chairman. Stewart was elected to the state Senate in a special election last month.

"The Appropriations Committee plays a key role in determining how and where the state spends its money," Cappabianca said. "As the committee's vice chairman, I will be in a better position to fight for projects important to Erie and to all of Northwestern Pennsylvania."

Cappabianca said he will also support efforts to encourage the growth of business. He said he is especially concerned about the needs of small business as a result of his chairmanship of a House subcommittee which deals with small business issues.

The Appropriations Committee is recognized as the most influential committee in the House after the Rules Committee. Not only do its members review the entire state budget and any budget-related legislation, it also conducts, under House rules, analyses of the fiscal impact of any other legislation which may come before the House.

"I look forward to this new responsibility," Cappabianca said. "My appointment as vice chairman reflects my growing seniority in the House. It is good news for me, personally, and for all the people I represent."

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G01 South Office Building
Harrisburg, PA 17120

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CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, April 13 -- Pennsylvania would have a greater voice in the 1988 presidential primary under legislation co-sponsored by state Rep. Italo Cappabianca, D-Erie, and approved by the House last week.

Cappabianca said the bill (H.B. 218) would move up the date of the 1988 primary from the fourth Tuesday in April to the first Tuesday.

"This legislation could result in a major Northeast regional primary on April 5, 1988," Cappabianca said. "New York has already scheduled its primary for that date. New Jersey is considering a proposal to do the same."

Cappabianca said an early primary in three of the nation's most populous states would force candidates to campaign seriously in the Northeast. He said candidates would be compelled to take positions on important regional issues like acid rain, plant closings and infrastructure improvements.

"In 1984, 'Super Tuesday,' the South's regional primary, dominated the primary process," Cappabianca said. "By the time Pennsylvania's primary occurred, many candidates had dropped out and the nomination was virtually decided. I don't want that to happen again in 1988."

Cappabianca said an early regional primary in 1988 would give Pennsylvania voters more candidates to choose from and guarantee the state's role in choosing candidates from both political parties.

"Pennsylvania, New York and New Jersey have a population of more than 36 million," Cappabianca said. "The three states will control more than 28 percent of votes needed to elect the next president. A primary linking those three states is sure to attract a lot of attention -- attention which will benefit the entire Northeast."

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op15/4/10/87/cappabianca/primary

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G01 South Office Building
Harrisburg, PA 17120

FOR IMMEDIATE RELEASE

CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, April 15 -- The 1987 Pennsylvania Trout Waters In-Season Stocking list is now available in the office of Rep. Italo Cappabianca, D-Erie.

"The list gives a county by county breakdown of the weeks trout will be stocked in Pennsylvania streams and lakes," Cappabianca said. "It should be a valuable guide to fishermen."

Cappabianca said the stocking list is prepared by the state Fish Commission.

Copies of the list can be obtained by contacting Cappabianca's district office at 1216 West 26th Street, Erie.

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CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, April 28 -- State Rep. Italo Cappabianca, D-Erie, has co-sponsored major legislation which would combine business, government, education and labor into a job-creating partnership.

Cappabianca said House Bill 1 is the keystone of the Casey Administration's economic development program.

The Governor has proposed replacing the state's Department of Commerce with an Economic Development Partnership. The 42 partnership board members, selected by Casey, include some of state's top leaders in business, labor, government and education.

"We need better cooperation and fresh approaches if we are to attract business and industry to Pennsylvania," Cappabianca said. "The men and women on the partnership board have the knowledge and experience to devise innovative job creation strategies."

Cappabianca said he agrees with Governor Casey's belief that the private sector must be more involved in economic decisions. He also praised the Governor's direct involvement in economic development. Casey will chair the Economic Development Partnership Board.

The partnership board would direct all state economic development programs, including programs now handled by other agencies; work with six regional advisory boards to identify development issues at the local level; encourage business expansion; support the Ben Franklin Partnership Fund to stimulate investment in high-tech industries; aid small businesses; encourage the participation of minorities in business and develop an international trade program.

Cappabianca said distressed areas would be targeted for special consideration.

"Pennsylvania needs jobs," Cappabianca said. "The Governor's plan will make job creation a top priority, and draw upon the talents of our state's best people."

###op15/4/23/87/cappabianca/edp

HOUSE OF REPRESENTATIVES
Office of Legislative Information
601 South Office Building
Harrisburg, PA 17120

FOR IMMEDIATE RELEASE

CONTACT: Steven Kniley (717) 787-7895

HARRISBURG, May 6 -- County assessment laws governing property tax exemptions by nonprofit organizations would be uniform in all 67 Pennsylvania counties under legislation introduced by Rep. Italo Cappabianca, D-Erie.

Cappabianca said the legislation (H.B. 1218) would bring parity to language in the General County Assessment Law which limits nonprofit organizations from venturing into business activities that could be in competition with commercial enterprises.

Cappabianca, who chairs a special House committee studying nonprofits, said ongoing research by his committee has determined that a 1963 amendment to the Fourth through Eighth Class County Code contains language which restricts the commercial use of tax-exempt property by hospitals, universities, colleges, seminaries, academies and associations and institutions of learning, benevolence or charity.

The code states that the property must be "used for the principal purposes of the institution and shall not be used in such a manner to compete with commercial enterprise." Cappabianca said that language is not found in the General County Assessment Law governing first, second and third class counties.

"My legislation would make the assessment laws uniform throughout the state and help protect commercial enterprises against potentially unfair competition from nonprofit organizations," he said.

Cappabianca has written to county assessors in fourth through eighth class counties explaining the provisions of current law.

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"I want to make sure that assessors in those counties know that nonprofit organizations cannot compete with commercial enterprises and retain their tax-exempt status," he said. "Competition between nonprofits and taxpaying commercial enterprises is an issue of growing concern both in Pennsylvania and across the nation. Assessors in the state's smaller counties can respond to such competition by enforcing the existing law. My legislation would bring uniformity to all 67 counties."

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op15/4/29/87/cappabianca/bill

PENNSYLVANIA HOUSE OF REPRESENTATIVES
Office of Legislative Information
G-01 South Office Building
Harrisburg, PA. 17120-0028

FOR IMMEDIATE RELEASE

Contact: Spike Lukens (717) 787-7895

HARRISBURG, Dec. 2 - Legislation that would authorize spending \$3.5 billion to help upgrade water and sewer systems across the state has been reported out of the House Appropriations Committee and is in line for a House vote, state Rep. Italo Cappabianca, D-Erie, announced today.

The bill contains nearly \$221 million for water and sewer improvements in Erie County, Cappabianca said. Major projects include \$122.8 million for the city of Erie for sewer and storm water system separation and \$32.9 million to the city to construct a new sewage treatment plant.

Introduced by House Appropriations Committee Chairman Max Pievsky, D-Phila., the bill (H.B. 2035) would authorize spending for infrastructure improvements using a mix of grants and below market rate loans.

While the proposal does not require local governments to upgrade water and sewer systems, it would provide a source of grants and/or low-interest loans to help pay for the projects, Cappabianca pointed out.

The bill was introduced to fulfill a requirement contained in the PennVest bill (H.B. 1100) which specified in order to be eligible for funding, sanitary sewer and water projects must be itemized and approved in a capital budget unless they were considered emergency projects and otherwise provided for. Most of the projects identified in the bill correct clear environmental hazards.

PennVest was approved by the House last June and is currently in the Senate Appropriations Committee.

"I feel this is an important bill for several reasons," Cappabianca, a fifth-term lawmaker, said. "Due to an aging and outdated infrastructure which is experiencing increasing demands, many community sewer and water systems are facing crisis situations that directly affect the health and welfare of the citizens of Pennsylvania.

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"And while this may be viewed primarily as a solution to environmental problems caused by the outdated systems, there are direct economic benefits to the communities where these projects are located."

House studies indicate that for every billion dollars spent, 35,000 to 50,000 direct on-site construction jobs would be created. The same studies estimate that for every construction job produced another two to three non-construction jobs would be created.

Initially, about half a billion dollars would be capitalized for the fund with the money coming from federal funds, bond sales and state appropriations, Cappabianca said.

The fund would function as an investment pool, increasing its capital through leveraging of funds, investments and the secondary market.

Of all the projects identified across the state, \$410,739,000 is slated for water system improvements and \$3,160,114,000 targeted for sanitary sewer projects.

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(Note: Entire Erie County project list attached.)

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Office of Legislative Information
G-01 South Office Building
Harrisburg, PA 17120-0028

FOR IMMEDIATE RELEASE

Contact: Spike Lukens (717) 787-7895

HARRISBURG, Dec. 15 - The state House today approved a bill introduced by Rep. Italo Cappabianca, D-Erie, which would give small businesses representation during Public Utility Commission rate hearings.

"Studies have shown that small businesses are paying significantly higher electrical rates than other ratepayers within their class," Cappabianca said. "One reason for the higher rates is that small businesses are not represented at PUC hearings, and this bill would change that. It would give small businesses the voice the need and deserve."

Cappabianca's bill (H.B. 265) would require that at least one PUC staff member represent the interests of small businesses when the commission considers general rate increases. Small businesses would be represented on all utility matters, not just electric rates.

"Small businesses simply cannot afford to hire the expertise needed to contest proposed rate increases," Cappabianca said. "Residential consumers are represented very well by the state Consumer Advocate. Small businesses should have the same kind of representation."

In the bill, small businesses are defined as commercial or industrial customers which are a sole proprietorship, partnership, corporation, association or other business entity which has fewer than 250 employees or a net worth of not more than \$2 million.

Cappabianca's bill states that PUC staff members considering a general utility rate increase may consider petitions from small business ratepayers. Petitioners would have to be notified of action taken, or planned, in the case at issue.

The bill also directs the PUC to submit an annual report to the General Assembly containing a review of rate increase hearings in which small business ratepayers were represented by commission staff.

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A listing of hearings in which small businesses were not represented would also be required, along with reasons for the lack of representation.

Cappabianca praised the House for its action today as well as the House Subcommittee on Small Business, which he chairs, for its efforts to assist small businesses in Pennsylvania.

He also thanked the National Federation of Independent Businesses and other small business groups for their efforts in promoting H.B. 265.

"Small businesses have been responsible for much of Pennsylvania's economic growth in recent years, and they should not be saddled with a disproportionate share of the state's utility costs," Cappabianca said. "I hope the Senate gives this bill timely consideration."

###sl

op15/12/8/87/cappy/puc

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Office of Legislative Information
G-01 South Office Building
Harrisburg, PA 17120-0028

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Contact: Spike Lukens (717) 787-7895

HARRISBURG, March 22 -- A select state House committee, created to study the business activities of nonprofits under House Resolution 4, today unanimously adopted an interim report on its findings according to Rep. Italo Cappabianca, D-Erie, chairman of the special committee.

Cappabianca said the interim report - the result of a series of public hearings - will now be passed on to the full state House. In addition, legislative proposals requiring more accountability for nonprofits will be introduced in early April, Cappabianca said.

Under the legislative proposals, all Pennsylvania nonprofit corporations which file annual returns with the Internal Revenue Service would be required to file reports to the state Revenue Department. The reporting requirement also would apply to Pennsylvania nonprofit corporations which file a for-profit federal tax return.

Those reports will help determine the exact nature of the effects of competition between nonprofit and for-profit organizations, Cappabianca said.

The committee's hearings raised questions that there may be instances in which non-profit and for-profit organizations are competing for the same market, and the testimony could lead one to conclude that competition seems to be especially acute in the health care and affiliate industries, the interim report said.

However, the report added that data gathered through the hearing process to determine the extent of the competition from all non-profits has been "largely confined to anecdotal and scientifically unreliable data."

According to Cappabianca, "There obviously has been a lack of data collected on the issue, so we're looking for legislative action to help acquire the data necessary for the General Assembly to make logical

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conclusions on the entire issue. If we're going to find out about how serious the problem is between nonprofits and for-profits, we're going to need that data."

The report said legislation developed from the committee's study should include the following:

- provide for an annual report by each non-profit corporation operating in Pennsylvania, including a provision to require all non-profits to report the organizational and functional structure within which they operate for information and auditing purposes;

- filing and reporting requirements should essentially piggyback IRS mandated reporting requirements and utilize, where possible, existing reports filed with the Federal government. If a nonprofit files any tax returns with the IRS, a copy of such tax returns would be mandated to be filed with Pennsylvania;

- identify and clearly provide for the powers and funding of an agency or agencies of state government to collect and review the reports provided by the nonprofits. Draft legislation would require the Revenue Department to collect the reports and to conduct a random audit of 1 percent of the filing nonprofit corporations; and

- a five-year sunset provision.

The nine-member, bipartisan Select Committee was formed under House Resolution 4, passed in February 1987, to "study nonprofit organizations and the revenue-producing business activities in which they are entering, and any potential eroding tax base to the Commonwealth because of nonprofit business activities."

The resolution was approved essentially to continue the unfinished study started during the 1985-86 session. The 1985-86 Select Committee held a series of public hearings and meetings, including workshops with the Internal Revenue Service and the Departments of State and Revenue along with public testimony from both the tax-paying business community and tax-exempt nonprofits.

###sl

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G-01 South Office Building
Harrisburg, PA 17120-0028

FOR IMMEDIATE RELEASE

Contact: Spike Lukens (717) 787-7895

HARRISBURG, May 4 -- Three Erie organizations have received state grants totaling \$53,000 to help low-income residents in the city, state Reps. Italo Cappabianca, D-1, and Bernard Dombrowski, D-2, announced today.

The Employment and Community Conservation (ECC) grants from the state Department of Community Affairs will be used to provide health care and chore services to Erie residents, the lawmakers said.

Cappabianca and Dombrowski said organizations receiving grants include:

-- Bayfront, NATO, Inc./Martin Luther King Center of 312 Chestnut Street, a \$21,000 grant to provide primary health care services to 960 low-income people and comprehensive dental care services to 720. The grant money will be used for medical supplies and to support salaries;

-- The John F. Kennedy Center, Inc., of 2021 East 20th Street, a \$21,000 grant to continue to fund a primary health care clinic that will provide medical benefits to 4,200 low-income people. ECC funds will offset personnel and audit costs; and

-- Minority Health Education Delivery System of 325 West 26th Street, an \$11,000 grant to provide chore services to 137 low-income senior citizens. ECC funds will support personnel costs and travel costs to actual work sites.

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HOUSE OF REPRESENTATIVES
LEGISLATIVE INFORMATION OFFICE
G-01 SOUTH OFFICE BUILDING
HARRISBURG, PA 17120

CONTACT: XXXXXXXXXXX XXXXXXXXX (717)787-7895

HARRISBURG, PA., (date) -- State Rep. XXXXXXXX XXXXXXXX is co-sponsor of legislation now awaiting Gov. Casey's signature which is aimed at taking concrete steps toward checking child abuse in Pennsylvania.

The measure (H.B.19), calls for creation of a Children's Trust Fund in the Commonwealth. Revenues from the Fund would be applied directly to prevention strategies, which according to XXXXXXXX have been seriously neglected in most abuse programs.

The bill overwhelmingly passed the House 178-12 in October 1987, and recently unanimously passed the Senate with technical amendments. The House on November 16 unanimously concurred in the Senate amendments and sent the bill to the governor.

According to XXXXXXXX, the legislation does not seek to create a new state program, but instead would facilitate development of local initiatives. The Fund would form a funding source for local programs and services, which would be awarded grants following the submitting of proposals.

In addition, no tax dollars would be spent, according to the lawmaker. Funds would be derived from a \$10 surcharge on documents including divorce decrees and marriage license certificates, raising roughly \$1.25 million based on 1986 figures. A board created by the bill would also solicit private funds, accept available federal funds, and set criteria for and award grants.

XXXXXXXXXX cited the following information as a basis for creation of a Children's Trust Fund:

-- Thousands of Pennsylvania families are affected by the increasing incidence of child abuse and neglect. State Welfare Department statistics for 1984 (the most recent year for which numbers are available) reveal 20,088 reported cases of abuse, up 27 percent from the previous year.

-- Child abuse and neglect can be prevented. A 1978 study indicated

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that four out of five abusive parents can be stopped from physically abusing their children. Since 80 percent of the parents who are abusers were themselves abused, many potential abusers and potential victims can be identified.

-- Child abuse prevention is cost-effective. In addition to the obvious elimination of physical and emotional damage, taxpayers can be saved costs such as foster care placements and imprisonment. Of particular note is that an estimated 90 percent of convicted felons were abused children.

Conversely, XXXXXXXX said that most abuse programs deal with the problem after it occurs. He/She said that the state needs to encourage new programs such as parenting, perinatal bonding, family stress, respite care, and self-care training for latchkey children, and that all would be eligible for funding under H.B. 19.

Other states have which have enacted similar trust fund legislation include California, Wisconsin, Virginia, Kansas, Iowa, Washington, and Michigan.

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