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Republicans who control the Pennsylvania Senate agreed on Wednesday on a plan to close a $2 billion hole in the state budget with a mix of taxes and borrowing, including a new severance tax on Marcellus Shale natural gas drilling and higher taxes on consumers' utility bills.

Senate Majority Leader Jake Corman, of Bellefonte, emerged from closed-door talks on Wednesday night to announce details of the GOP's plan to help balance the $32 billion budget, include a proposal to borrow $1.3 billion against Pennsylvania's annual share of the 1998 multistate settlement with tobacco companies.

The Senate plan could face a tough road in the House, where majority Republicans last week rejected a proposal to leverage the tobacco money and are likely to resist calls for higher taxes. The gas industry has long objected to a severance tax, saying it would harm the state's competitiveness. "Obviously, they're not thrilled," Corman said. "They think they pay enough in taxes, and they probably are accurate." But he said Senate leaders had reached an agreement with the administration of Democratic **Gov. Tom Wolf** on "significant permitting and regulatory reform" for gas drillers.

The severance tax is expected to raise about $100 million each year. That's on top of a so-called impact fee assessed on gas drillers that's currently distributed among the state government and local communities where drilling takes place. Consumers, meanwhile, would face $405 million in new or higher taxes from a gross receipts tax on their natural gas, electric and telecommunications bills.

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The state ended the gross receipts tax on natural gas bills in 2000 as part of a broader restructuring of regulations over natural gas utilities and service. The Senate GOP plan restores the tax on natural gas bills while raising taxes on telecommunications and electricity. The tax on natural gas would be 5.7 percent. The tax on electric bills would rise by more than a half-percent to 6.5 percent, while the tax on phone bills would increase by 1 percent, to 6 percent. GOP senators also agreed to assess Pennsylvania's 6 percent sales tax on vendors who reach a certain volume of sales on Amazon, eBay and other online marketplaces.

The Senate plan also counts on $200 million in revenue from a massive expansion of casino-style gambling that hasn't been approved and is still the subject of a disagreement with the House. House Republicans failed to agree on a way forward last week, rejecting a proposal that would have combined $1.5 billion in borrowing with hundreds of millions of dollars drawn from programs not included in the state budget, an approach designed to avoid higher taxes. That left it to their counterparts in the Senate, which convened briefly Wednesday afternoon before recessing for private discussions that lasted for several hours.

Wolf allowed the badly out-of-balance budget to take effect without his signature. He has said he could support borrowing to help close the deficit, if accompanied by increased taxes he views as necessary to avoid a credit downgrade. Democratic lawmakers have said he wants a tax package of $700 million to $800 million.

Failing to balance the budget could result in a freeze on some government spending, potentially affecting schools and counties that administer social service programs. Additionally, nearly $600 million in state aid to Penn State, the University of Pittsburgh, Temple and Lincoln universities and the University of Pennsylvania's veterinary school remains in limbo. – ***Associated Press*; more from *Calkins Media* and *pennlive.com***

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The race for the owner of Food Network and HGTV, Scripps Networks Interactive, has come down to one finalist.

Discovery Communications is in advanced discussions to buy Scripps now that Viacom is out of the competition, people briefed on the matter said Thursday. Should a deal be completed, it could come at a dear price. Scripps's market value as of Thursday stood at more than $11 billion. Discovery is closing in on a bid of around $90 per share, according to one of the people, or about 34 percent higher than where Scripps's stock was trading before reports about a potential sale emerged. Discovery's bid is about 70 percent cash and 30 percent stock, the person said.

An announcement could come as soon as next week, some of these people said, cautioning that talks could still fall apart. News of Viacom's exit from negotiations with Scripps was reported earlier by ***Reuters***. A spokesman for Scripps declined to comment on Thursday.

The competition over Scripps has taken place amid a sweeping wave of consolidation in the telecom and media industries. Cable and broadband providers, including Comcast, Charter, Verizon and AT&T, have opened their checkbooks to grow. That has put pressure on companies whose content flows through those distribution pipes to gain scale to better negotiate with those providers on issues like retransmission fees. Over the past several years, deals like Starz's sale to Lionsgate Entertainment have emerged as part of that effort. Discovery, which is led by David Zaslav and backed by the billionaire John C. Malone and the Newhouse family, has been an active deal maker since the collapse of its last round of talks with Scripps three years ago. The broadcaster has expanded its international presence, with deals to buy Eurosport and other foreign programming rights.

Scripps, until 2008 a part of its eponymous family's once-sprawling media empire, would provide multiple benefits. The company is host to popular lifestyle brands like Food Network, Travel Channel and HGTV. Deal makers in the media industry have long identified Scripps as a potential target. The key to winning over Scripps has been crafting a proposal acceptable to the family, which still controls about 92 percent of the company's voting stock, and which votes as a bloc. The family has met a number of times to discuss the prospects of a sale, most recently on Tuesday, a person with knowledge of that meeting said.

Both Discovery and Viacom had looked at combining Scripps's top brands with their own — Investigation Discovery, OWN and TLC for Discovery; MTV, Nickelodeon and Comedy Central for Viacom — to create an entertainment-centered "skinny bundle." Such a package would give pay-TV subscribers a cheaper option to a standard bundle that includes a bigger variety of channels at a higher price.

In particular for Viacom, a Scripps deal would have been a major step by Viacom's chief executive, Robert M. Bakish, to revive his company's fortunes. Mr. Bakish, who took over Viacom's management last fall, has laid out **a five-point plan** that includes bolstering its top brands. But a deal for Scripps — and particularly an all-cash bid, as Mr. Bakish and his team had been considering — would have stretched Viacom's financial resources. The company reported having just $671 million in cash and equivalents as of March 31, while it carried some $12.2 billion in long-term debt on its books.

Some analysts estimated that Viacom's credit rating would tumble to junk status if it pursued an all-cash bid. In the end, Viacom may have decided that it could not risk overpaying, according to some of the people briefed on the matter. – ***New York Times***

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A lawsuit has been filed against the FCC for its refusal to disclose Agency boss Ajit Pai's conversations with ISPs about subjects like net neutrality. Back in April, ***Gizmodo* reports** that a nonprofit called American Oversight filed a Freedom of Information Act (FoIA) asking the FCC for all records related to communications on net neutrality between ISPs and Pai or his Pai's staff. The group asked for "correspondence, e-mails, telephone call logs, calendar entries, meeting agendas," and any other records of such communications, which the group says have subsequently been ignored.

Pai, a former Verizon lawyer, has consistently sided with giant media and telecom companies and against consumers in a litany of issues ranging from net neutrality to privacy. "The FCC has made it clear that they're ignoring feedback from the general public, so we're going to court to find out who they're actually listening to about net neutrality," American Oversight Executive Director Austin Evers said in the group's **announcement** of the suit. "If the Trump administration is going to let industry lobbyists rewrite the rules of the Internet for millions of Americans, we're going to make them do it in full view of the public."

Pai and his staff have also been accused of turning a blind eye to **fraudulent comments being posted** to the net neutrality proceeding in the hopes of driving artficial support for Pai's extremely unpopular policies. That's another subject that's likely to pop up in the inevitable additional lawsuits filed against the agency after it votes to finalize killing the rules later this year. – ***DSL Reports***

Fox News Channel gave The *New York Times* more than $100,000 to poke fun at the newspaper. **Fox ran a full-page advertisement** in the Times on Thursday, blurbing a recent review that called the "Fox & Friends" morning show "the most powerful TV show in America." Television critic James Poniewozik's review wasn't exactly complimentary, as it traced the show's close relationship with the nation's tweeter-in-chief, President Donald Trump. Fox ran full-page ads Thursday in the Times, the Washington Post and New York Post. The network wouldn't say how much it spent. The Times' ad rates say a full-page ad with color generally runs around $130,000. – ***Associated Press***