

GFOA-PA Legislative Update

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PENNSYLVANIA MUNICIPAL LEAGUE

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Presentation Overview

Legislative Session

The 2024-25 Budget

The League's Legislative Priorities

Legislation of Interest

2023-24 Legislative Session

The 204th Legislative Session

January 1, 2023 – November 30, 2024

Last quarter of the session

- Budget
- Summer Recess
- Short Fall Session
- November Election – All House Members/Half of Senate

House: Democratic majority 102-100

Senate: Republican majority 28-22

2024-25 Budget

The Governor proposed a \$48.3 billion budget

- **Education:**
 - K-12 - \$1.1 billion
 - One year investment of \$872 million to level-up of the funding to poorer districts
 - Higher Education - \$975 million
- **Economic Development:**
 - Main Street Matters - \$25 million
 - PA Sites expansion - \$500 million
- **Housing:**
 - Whole Home Repairs - \$50 million (permanent)
 - Housing Trust Fund - \$100 million by 2027-28
 - Local Housing Grants - \$5 million
 - Homeless Assistance - \$10 million

2024-25 Budget

- **Public Safety:**
 - Fire and Emergency Service Grant Program increase to \$60 million
 - Office of Gun Violence within Commission on Crime and Delinquency
- **Legalization of Adult-Use Cannabis**
 - Taxed at 20%
- **Legalization of Skill Games**
 - Taxed at 42%
- **No tax increases**
- **Proposes using a portion of the State's surplus**

Skill Games and Adult-Use Cannabis as State Revenue Generators

Skill Games:

- **SB 706 – Senator Yaw (R-Lycoming) and HB 2075 – Rep Burgos (D-Philadelphia)**
- Provides for the state licensing and regulation of skill games – estimates \$300M/year
- Distributors are charged a 16% tax on net profits
 - 50% to Commonwealth's General Fund
 - 22% to each County, proportionally based
 - 22% to each municipality, proportionally based
 - 6% to State Police Bureau of Liquor Enforcement

Adult-Use Cannabis:

- **SB 846 Senator Laughlin (R-Erie) and HB 2210 – Rep Brown (D-Philadelphia)**
- Provides for state licensing and regulation of adult-use cannabis
- 8% sales tax paid by purchaser and 5% excise tax paid by dispenser
 - 10% of all revenue to municipalities, based proportionally on number of businesses
 - 10% of all revenue to counties, based proportionally on number of businesses
 - 80% to Cannabis Regulation Fund

Advocacy Overview

Public Safety

Municipal Speed Enforcement: Achieve authorization for municipal police officers to use modern speed timing devices, such as RADAR, LIDAR and automated cameras to enforce speed limits on local roads.

Post-Traumatic Stress Injury (PTSI) for First Responders: Achieve a compromise on legislation granting first responders an expanded PTSI benefit. The League supports language that will result in a benefit that is narrowly tailored, fiscally responsible and insurable.

Municipal Finance

Local Taxation Reform: Educate the General Assembly on the need to modernize the 1965 local taxing structure, commonly referred to as Act 511, so that local revenue can appropriately meet today's expenses and help prevent fiscal distress.

Recommendations include:

- Eliminate or raise tax rate caps on EIT
- Perform regular property assessments
- Allow flat taxes to grow with inflation
- Offer local/regional revenue option to all municipalities – such as a county sales tax, drink tax, payroll tax and non-resident tax

Community Development and Infrastructure

Blight Remediation: Achieve tools to help in the on-going efforts to prevent and remediate blight in our communities.

Specifically, The League supports increasing the 1994 fire escrow amount to reflect today's dollars, providing a simplified process to clear tangled titles and strengthening local code enforcement efforts and funding.

1% County Option Sales Tax

House Bill 678 – Rep Sturla (D-Lancaster)

- Counties would be authorized to levy if approved by the voters in countywide referendum
- Sales Tax collected within a county would be sent back to the county for distribution
- Counties would keep a yet to be determined amount of the revenue and distribute the remainder to municipalities based on their proportion of tax-exempt property
- Counties would be required to generate the assessed value of all tax-exempt property
- Municipal revenue uses are limited to paying pension MMO's, paying for core services, reducing Property Tax Rates

House Local Government Committee: Hearing held April 29

- House Bill 451 (D-Freeman) diverts the 18% tax on liquor from the General Fund to municipalities based on their percentage of tax- exempt property

Post-traumatic Stress Injury in First Responders

House Bill 1632 – Rep O’Mara (D-Delaware)

- Provides first responders an easier avenue to workers’ compensation benefits for PTSI sustained in the scope of employment
- Broadly written bill – likely uninsurable and definitely irresponsible
- The local government associations are advocating for a compromise that narrows the bill while still providing first responders with a benefit
- House amendments this month:
 - Adds a list of qualifying traumatic events that must be pointed to when making a claim
 - Requires a licensed psychiatrist or psychologist must diagnose at PTST
 - Caps the “look back” for an injury at five years
 - Extends the effective date to one year

Passed House May 8: 154-46

- Coalition plans to work with the Senate to refine further

Public Notice Modernization

Senate Bill 231 – Senator DiSanto (R-Dauphin)

- Authorizes a choice of advertising options
 - County newspaper
 - Public website of the local government
 - Public website of the newspaper of general circulation
 - A website with the primary purpose of posting advertisements
- Municipalities must adopt a resolution stating their chosen option(s):
- Municipalities must also physically post notices at their municipal buildings

Senate Local Government Committee

Co-sponsorship memos: Senators Aument (R-Lancaster) and Phillips-Hill (R-York)

- Legislation calling for an advertising cost study by the Legislative Budget and Finance Committee
- Legislation requiring newspapers to disclose the cost of a mandated ad on the ad itself

Public Notice Modernization

House Bill 2103 – Rep Ortitay (R-Allegheny) and Rep Schlossberg (D-Lehigh)

- Provides a menu of advertising options
 - County newspaper
 - Local newspaper
 - Legal newspaper
 - Local government website
 - Newspaper’s public website
 - Local printed paper at least 4 pages in length
- A local resolution designating the method(s) of advertising must be adopted
- Advertisements must also be physically posted at meeting location

House Local Government Committee

Salaries for Fire & Ambulance Personnel

Senate Bills 1132, 1133, 1134 – Senator Brown (R-Monroe)

- Amends the Municipal Codes – First Class Township, Second Class Township, and Borough
- Regarding special purpose fire and ambulance taxes and the amount of revenue allowed to be used for salaries
 - Fire Tax – one-half of revenue generated, up to 1 mill
 - Ambulance Tax – capped at one-half of revenue generated
- Authorizes the governing body to waive the authorized limit in any calendar year

Passed Senate May 7 and Referred to House Local Government Committee

Stormwater Fees

House Bills 31 and 32 – Rep Struzzi (R-Indiana)

- Amends the Municipal Codes for Cities, Boroughs and First Class Townships
- Authorizes the levy of fees for stormwater management

Received First Consideration in the House

House Bill 2147 – Rep Fleming (D-Dauphin)

- Amends the Municipalities Authorities Act
- Establishes the use of impervious surface in calculating the fee for individual properties
- Clarifies that all properties must pay the fee, even those owned by the Commonwealth

House Local Government Committee

Storm Water Fees

West Chester Borough vs. PA State System of Higher Education and West Chester University

West Chester established storm water fees in 2016 under its Home Rule charter

- On all owners of developed property
- Dependent on amount of impervious surface
- All revenue funds state and federal storm water mandates

West Chester sued the Commonwealth for its refusal to pay the fee

January 2023, Commonwealth Court found the fee was a tax

- Tax – benefits all; supports government functions
- Fee – benefits the user; paid by choice
- The charge is not reasonably proportional to the benefit received

West Chester has appealed to the PA Supreme Court

The local government associations filed an amicus brief in support of West Chester

Fair Market Value of Water/Sewer Systems – Act 12 of 2016

- Act 12 provided a new way of valuing water and sewer systems that has increased the value and encouraged investor-owned companies to court municipalities and authorities with systems that are fiscally stable
- Sales must be approved by the PUC
- Water rates have increased after sales are approved
- Numerous pieces of legislation introduced to repeal or put parameters around Act 12
 - **House Bill 1862** – requires more transparency/notice requirements when selling a system
 - **House Bill 1863** – provides the PUC with an extension on the time requirement to evaluate an application to sell a system
 - **House Bill 1864** – spreads increased costs to ratepayers over several rate cycles
 - **House Bill 1865** – caps the sale price of a system at 125% of the depreciated original cost

Received First Consideration in the House April 9

Municipal Liquid Fuels Allocations

PennDOT expects a 2% decrease each year:

2025 -\$467,218,000

2026 -\$454,490,000

2027 -\$444,607,000

2028 -\$433,390,000

2029 -\$423,999,000

Senate Bill 656 – Senator Rothman (R-Cumberland)

- Establishes an annual fee for electric vehicles and hybrid electric vehicles that would go to the Motor License Fund

Amended in House and Awaiting Final Passage

Legislation we are monitoring

OSHA for Public Employees

Municipal Police Pension Buyback

COLA for Retired Police and Fire

Questions?

PA General Assembly – www.legis.state.pa.gov

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