

GFOA-PA Legislative Update

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PENNSYLVANIA MUNICIPAL LEAGUE

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Presentation Overview

Legislative Session

The 2025-26 Budget

Legislation of Interest

2025-2026 Legislative Session

January 1, 2025 – November 30, 2026

First quarter of the session

- Budget due June 30th

House: Democratic majority - 102-101

Senate: Republican majority - 27-23

2025-26 Budget

The Governor proposed a \$51.4 billion budget – an 8% increase

- Spends \$3 billion of surplus and \$1.6 billion of the Rainy-Day Fund

New Revenue Proposed:

- Skill Games – licensed and taxed at 52%
 - 47% to General Fund and 5% to Lottery Fund
 - \$369 million in 25/26
 - Local share assessment
- Cannabis – licensed and taxed at 20% at wholesale
 - Sales beginning in January 2026
 - \$536.5 million in 25/26

2025-26 Budget

Education:

- \$500 million to help close the funding adequacy gap
- \$111 million for mental health and school safety

Public Transit:

- Sales Tax revenue going to public transit is increased to 8.4% - equaling \$290 million

Economic Development:

- 10-year strategy
- Business PA Team within DCED – focused investment
- Business tax credits and modernization efforts – equaling \$10.5 billion in savings for businesses

2025-26 Budget

Housing:

- Governor's Housing Action Plan Report
- Published this fall (15-year outlook)
- \$50 million to restore aging housing stock
- \$10 million for first-time homebuyers' closing costs
- \$1 million for State Planning Board – housing technical assistance

Public Safety:

- \$14.5 million for 432 new state troopers
- \$10 million in violence intervention and prevention
- Additional \$30 million in competitive grants for fire companies
- Pilot program to incentivize cooperation among fire companies

Local Services Tax Increase

A League Legislative Priority

Local option to increase up to \$156/year

- Enacted in 2004
- Used for public safety services
- Levied on workers in a municipality
- Co-sponsorship Memo

Need a bi-partisan bill with a solid list of supporters

Reimbursement for Tax Exempt Property

House Bill 985 – Freeman (D)

- Reimburses municipalities with high levels of tax-exempt property
- Shifts state general fund revenue from the 18% Liquor Tax (Johnstown Flood Tax) to the state treasury for purposes of reimbursing municipalities
- Eligibility is based on:
 - Market value of tax-exempt property higher than value of taxable property
 - Median household income is within 115% of statewide median household income
 - Limited to \$100/person
 - No municipality may receive more than 10% of the funds available in any given year

House Local Government Committee, March 20, 2025

Sovereign Immunity Act

Senate Bill 383 – Langerholc (R)

- Increases the local government cap on damages for catastrophic claims from \$500,000 to \$1 million
- Increases the recoverable medical expenses for catastrophic injury from \$1,500 to \$10,000
- Currently a case involving SEPTA is before the PA Supreme Court.
- The Court has previously warned the General Assembly to increase the caps or risk the Act being deemed unconstitutional
- This legislation is supported by the local government associations and other entities because it provides a modest increase in the catastrophic injury caps and would likely preempt the Court from removing the caps altogether

Senate Judiciary Committee, February 28, 2025

OSHA for Public Employees

House Bill 308 – Harkins (D)

- Extends OSHA rules to public employees (state, local and non-profits)
- Establishes a review board within the Department of Labor and Industry

Passed House 111-92 - April 9, 2025

Workers' Comp Benefit Expansion

House Bill 183 – Dawkins (D)

- Expands the range of injury and compensation for permanent disfigurement
- Range of injury expanded to whole body from current head, face and neck
- The number of compensable weeks is also expanded from 275 to 400
- Allows the permanent disfigurement benefit and disability benefit to be collected simultaneously

Passed the House 118-85; Senate Labor and Industry Committee, April 9, 2025

Public Notice Modernization

Senate Bill 194 – Mastriano (R)

- Authorizes a menu 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, January 29, 2025

Senate Bill 451 – Phillips-Hill (R)

- Requires newspapers to include the cost of an ad on the ad itself; cannot charge extra

Senate State Government Committee, March 17, 2025

Stormwater Management Fees

House Bills 990 and 991 –Struzzi (R)

- Amend the municipal codes for Cities, Boroughs and First-Class Townships
- Authorizes reasonable and uniform fees for the implementation of stormwater management programs
- Includes language recognizing impervious surface as a way to calculate fees

Received First Consideration in the House, April 9, 2025

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

- Fee vs. Tax
- Before the PA Supreme Court
- Co-sponsorship Memos for legislation that requires the state to pay fees assessed against its property

Fair Market Value -Water/Sewer Systems

Act 12 of 2016

- 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 privatization
- Legislation introduced to repeal or put parameters around Act 12:

Senate Bill 512 – Kane (D) – repeals Act 12

Senate Consumer Protection Committee, April 4, 2025

House Bill 946 – Lawrence (R) – requires approval of a sale via ratepayer referendum

House Local Government Committee, March 17, 2025

Legislation We Are Monitoring

COLA for Retired Police and Fire

- Flat monthly increased based on number of years retired

Right to Know Law

- Charge for commercial requests, dealing with vexatious requests and AI generated requests

Licensing and Regulation of Skills Games

- Looking for a Local Share of Revenue

Preventing Legionnaire's Disease

- Responsibility on Water Provider

Questions?

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

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